DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC

Registration Number : 1998/001781/08

FINAL DRAFT ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2018

FINAL COPIES TO BE FORWARDED BY AUDITORS DUE TO REVERSAL OF THE DOUBTFUL DEBTS PROVISION AFTER RECEIVING THE GIA PAYMENT IN MAY 2019

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 Matthias (Resigned 31 October 2018) Mr G A Jacobson Mr N J Steyn (Resigned 31 October 2018) Mr C Hall (Resigned June 2018) Mr B S B Gangaraju Mr V O'Connell (Appointed July 2018)
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 Investec
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 2018

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**

Opinion

SizweNtsalubaGobodo
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 2018.

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:

	2018	2017
	R	R
Revenue	9 548 763	8 982 181
Other Income	2 672 527	2 901 832
Expenses	(1 881 437)	(12 395 273)
Surplus / (Deficit) before tax	**10 339 853**	**(511 260)**

DIRECTORATE

Mr K D Matthias (Resigned 31 October 2018)
Mr G A Jacobson
Mr N J Steyn (Resigned 31 October 2018)
Mr C Hall (Resigned July 2018)
Mr B S B Gangaraju
Mr V O'Connell (Appointed July 2018)

EVENTS AFTER THE REPORTING PERIOD

The Directors raised an allowance for doubtful debt for the following long outstanding amounts receivable from the eThekwini Municipality to the extent of R10 630 808,50 :

2014	2 093 000
2015	2 238 750
2016	2 330 400
2017	2 121 985
2018	1 846 674
	10 630 809

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 2018 financial year. The provision excluded the VAT portion of the GIA as it would 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 was handed over to legal to address .
Payment in full settlement of the GIA was received on 13 May 2019. The provision for 2018 as well as the prior years was subsequently reversed.

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 2018 financial period.

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/001781/08
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 R	2017 R
ASSETS			
Non-current assets		**30 636**	**34 214**
Property, plant and equipment	2	30 636	34 214
Current assets		**25 235 971**	**14 354 476**
Current tax receivable		-	-
Trade and other receivables	3	13 424 109	2 452 768
Cash and cash equivalents	4	11 811 860	11 901 708
Total assets		**25 266 607**	**14 388 690**
EQUITY AND LIABILITIES			
Equity		**22 868 978**	**11 913 379**
Retained income		22 868 978	11 913 379
Liabilities		**2 397 629**	**2 475 311**
Current liabilities		**2 397 629**	**2 475 311**
Trade and other payables	6	2 397 629	2 475 311
Provisions	5	-	-
Total equity and liabilities		**25 266 607**	**14 388 690**

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/00181/08
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 R	2017 R
Revenue	7	9 548 763	8 982 181
Other income	8	2 672 527	2 901 832
Operating expense		(1 881 437)	(12 395 273)
Operating surplus/deficit	9	**10 339 853**	**(511 260)**
Investment revenue	10	823 842	880 739
Operating surplus for the financial period		**11 163 695**	**369 478**
Tax Expense	11	(208 097)	(164 545)
Total Comprehensive Income/(Loss) for the year		**10 955 599**	**204 934**
Attributable to			
Equity holders of the company		**10 955 599**	**204 934**

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/001781/08
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	Accumulated surplus R	Total equity R
Balance as at 01 January 2017		11 708 445	11 708 445
Surplus for the financial period		204 934	204 934
Restated balance as at 01 January 2017		**11 913 379**	**11 913 379**
Surplus attributable to equity holders of the company		10 955 599	10 955 599
Balance as at 31 December 2018		**22 868 978**	**22 868 978**

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/001781/08
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 R	2017 R
Cash flows from operating activities			
Cash receipts from customers		12 221 290	11 884 012
Cash payments to suppliers		(13 114 589)	(11 918 953)
Cash generated from operations	13	(893 300)	(34 941)
Interest income		823 842	880 739
Net cash flows from operating activities		**(69 457)**	**845 798**
Cash flows from investing activities		**(20 391)**	**(24 525)**
Purchase of Property, plant and equipment		(20 391)	(24 525)
Disposal of Property, plant and equipment		-	-
Net increase in cash and cash equivalents		**(89 848)**	**821 273**
Cash and cash equivalents at beginning of year		**11 901 708**	**11 080 435**
Cash and cash equivalents at end of year	4	**11 811 860**	**11 901 708**

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

IFRS 15:Revenue from Contracts with Customers has been adopted for the AFS.

The principles in IFRS 15 are applied using the following five-step model :

a. identify the contracts with a customer ;
b. identify the performance obligations in the contract ;
c. determine the transaction price;
d. allocate the transaction price;
e. recognise revenue when or as the entity satisfies its performance obligations

The standard requires entities to exercise considerable judgement taking into account all the relevant facts

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 16 Leases	**Lessee accounting** IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. **Lessor accounting** IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating or finance leases, and to account for those two types of leases differently IFRS 16 also requires enhanced disclosures to be provided about a lessor's risk exposure, particularly to residual value risk Financial statement disclosures will be updated to ensure compliance with IFRS 16 requirements, including the implications of adoption	01-Jan-19

	2018 R	2017 R

2. Property, plant and equipment

	2018			2017		
	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	35 443	(30 172)	5 271	30 421	(28 870)	1 551
IT equipment	134 900	(118 855)	16 044	119 531	(106 203)	13 328
Boat	140 909	(131 588)	9 321	140 909	(121 573)	19 335
Total	**430 661**	**(400 023)**	**30 636**	**410 270**	**(376 055)**	**34 214**

Reconciliation of Property, plant and equipment - 2018

	Opening balance	Additions at cost	Disposals at carrying value	Depreciation	Total
Plant and machinery	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-
Office equipment	1 553	5 022	-	(1 302)	5 273
IT equipment	13 328	15 369	-	(12 652)	16 045
Boat	19 333	-	-	(10 015)	9 319
	34 214	**20 391**	-	**(23 969)**	**30 636**

Reconciliation of Property, plant and equipment - 2017

	Opening balance	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	32 750	(13 417)	19 333
	63 798	**(29 584)**	**34 214**

3. Trade and other receivables

	2018 R	2017 R
Trade receivables	12 302 841	9 872 083
Less: Allowance for credit losses (Refer to note 20)	(88 027)	(8 784 135)
Deposits	160 692	160 692
VAT	0	-
Other receivables	1 048 604	1 204 128
	13 424 109	**2 452 768**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2018 R	2017 R
Bank balances	99 473	979 038
Short-term deposits	11 712 387	10 922 669
	11 811 860	**11 901 708**

	2018 R	2017 R

5. Provisions

Reconciliation of provisions - 2018	Opening Balance	Utilised during the year	Total
Other provisions	-	-	-

Reconciliation of provisions - 2018	Opening Balance	Utilised during the year	Total
Other provisions	-	-	-

6. Trade and other payables

	2018 R	2017 R
Trade payables	1 024 837	1 210 537
Accruals	216 940	64 437
Deposits received	668 500	823 500
Current tax payable	208 097	170 319
Vat payable	279 254	206 518
	2 397 628	**2 475 311**

7. Revenue

	2018 R	2017 R
Levies received from property owners	8 748 763	8 182 181
Levies received from primary development - DPDC	800 000	800 000
	9 548 763	**8 982 181**

8. Other income

	2018 R	2017 R
Discount received	-	206
Insurance Claim	-	29 306
Operating costs recovery	720 185	704 032
Sundry income	105 668	46 303
Grant income	1 846 674	2 121 985
	2 672 527	**2 901 832**

9. Operating Surplus /(Deficit)

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

	2018 R	2017 R
Interest	823 842	880 739
Operating lease charges		
Premises		
Rent paid	321 334	306 149

10. Investment revenue

	2018 R	2017 R
Interest income on call account	817 858	865 835
Interest income on customers accounts	5 984	14 903
	823 842	**880 739**

	2018 R	2017 R

11. SA Normal Taxation

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting surplus	11 163 696	369 478
Tax at the applicable tax rate of 28% (2017: 28%)	3 125 835	103 454
Exempt differences		
Levies income (Sec 10(1)(e))	(2 673 654)	(2 515 011)
Non taxable income	(3 212 242)	(861 991)
Non deductible expenditure	2 760 060	3 273 547
Taxable income from interest and commission income	208 097	170 319
Assessed loss from prior year	-	(5 774)
Tax expense (28%)	**208 097**	**164 545**
No Tax loss available to reduce future taxable profits	-	-

12. Auditor's remuneration

Audit Fees	64 700	57 120

13. Cash generated from operations

Surplus before taxation	11 163 696	369 478
Adjustments for:		
Depreciation and amortisation	23 969	29 584
Interest received - investment	(823 842)	(880 739)
Movements in provisions	-	-
Changes in working capital:		
Trade and other receivables	(10 971 342)	219 063
Trade and other payables	(285 780)	227 674
	(893 300)	**(34 941)**

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.

	2018 R	2017 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)

	2018 R	2017 R
Less than one year	**82 593**	**141 588**
One to five years	**0**	**82 593**
More than five years	**0**	**0**
Total undiscounted lease liabilities as at 31 December	**82 593**	**224 181**

Agreement 2:

Office space was leased from Durban Point Development Company (Pty) Ltd (DPDC) at monthly rental of R 12 519,72 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 2017 to 30 November 2018.The lease is renewed annually

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

	2018 R	2017 R
Less than one year	**150 237**	**143 076**
One to five years	**0**	**0**
More than five years	**0**	**0**
Total undiscounted lease liabilities as at 31 December	**150 237**	**143 076**

	2018 R	2017 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

	2018	2017
Related party balances (vat inclusive)		
Durban Point Development Company (Pty) Ltd	-	23 506
eThekwini Municipality	2 708 023	2 605 838
Point Precinct Trust	9 395 282	7 248 576
Related party transactions (vat inclusive)		
Levy income (expense) related parties		
Durban Point Development Company (Pty) Ltd	918 000	912 000
Recoveries from related parties		
Durban Point Development Company (Pty) Ltd	191 786	156 444
Grant in Aid		
eThekwini Municipality	102 184	2 121 985
Point Precinct Trust	2 146 706	-

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.

	2018	2017
Grant Received	1 846 674	2 121 985

	2018 R	2017 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	13 045 132	12 764 751
Less: Interest on call account	(823 842)	(880 739)
Less: Grant income from eThekwini Municipality	(1 846 674)	(2 121 985)
Less: Total expenses	(1 881 436)	(12 395 273)
(Operating Levy Shortfall) / Levy Refundable	**8 493 181**	**(2 633 244)**

20. Allowance for credit losses

An allowance for doubtful debts was raised for a levy payer who was in arrears for 3 months.The account has been handed over to legal for collection .Interest has been levied inaccordance with company policy.

	88 027	2 121 985

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.

22. Events after the Reporting Period

The Directors raised an allowance for doubtful debt for the following long outstanding amounts receivable from the eThekwini Municipality to the extent of R10 630 808,50 :

2014	2 093 000
2015	2 238 750
2016	2 330 400
2017	2 121 985
2018	1 846 674
	10 630 809

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 2018 financial year. The provision excluded the VAT portion of the GIA as it would 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 was been handed over to legal to address .
Payment in full settlement of the GIA was received on 13 May 2019. The provision for 2018 as well as the prior years was subsequently reversed.

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/001781/08
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note(s)	2018 R	2017 R
REVENUE		**9 548 763**	**8 982 181**
Rendering of services		9 548 763	8 982 181
OTHER INCOME		**3 496 369**	**3 782 570**
Discount received		-	206
Grant income		1 846 674	2 121 985
Interest received	10	823 842	880 739
Insurance claim		-	29 306
Operating costs recovery		720 185	704 032
Sundry income		105 668	46 303
		13 045 132	**12 764 751**
OPERATING EXPENSES			
Accounting fees		202 956	193 291
Administration fees		1 568 043	1 496 737
Advertising		-	1 500
Auditors remuneration	12	64 700	57 120
Bad debts/ (Recovered)		-	
Bank charges		5 887	6 256
Cleaning		649 030	614 038
Computer expenses		44 335	42 467
Consulting fees		7 900	21 572
Courier and postage		395	50
Depreciation		23 969	29 584
Doubtful debts		(8 696 108)	2 121 985
Entertainment		-	
Interest & Penalties		811	204
Insurance		82 710	79 525
IT Expenses		-	
Landscaping expenses		913 950	872 177
Legal expenses		104 582	-
Management fees		1 021 025	972 405
Operating costs for recovery		720 185	704 032
PR and newsletters		5 000	-
Printing and stationery		47 871	43 531
Rent		321 334	306 149
Repairs and maintenance		1 344 527	1 443 959
Secretarial fees		1 650	3 550
Security		3 071 727	2 861 939
Subscriptions		-	
Staff Welfare		14 895	9 386
Staff Uniforms		9 468	12 786
Telephone and fax		48 930	47 147
Travel and accommodation		-	-
Water & Electricity		301 665	453 884
		1 881 436	**12 395 273**
Surplus for the Financial Period before taxation		**11 163 696**	**369 478**

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