

**Muizenberg Improvement District
Association Incorporated under Section 21**
(Registration number 2001/018176/08)
Annual financial statements
for the year ended 30 June 2011

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Muizenberg Improvement District

(Registration number 2001/018176/08)

Annual Financial Statements for the year ended 30 June 2011

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Independent Auditor's Report

To the members of Muizenberg Improvement District

I have audited the annual financial statements of Muizenberg Improvement District, which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on 5 - 13.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with basis of accounting as set out in Note 1 to the financial statements, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on these annual financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with similar organisations, it is not feasible for the company to institute accounting controls over cash collections from donations prior to initial entry of the collection in the accounting records. Accordingly, it was impractical for us to extend our examinations beyond the receipts actually recorded.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of Muizenberg Improvement District as at 30 June 2011, and its financial performance and cash flows for the year then ended in accordance with the basis of accounting as set out in Note 1 to the financial statements, and in the manner required by the Companies Act of South Africa.

Other matter

Without qualifying my opinion, I draw attention to the fact that the supplementary information set out on page 14 does not form part of the annual financial statements and is presented as additional information. I have not audited this information and accordingly do not express an opinion thereon.



Independent Auditor's Report

**HG Page & Company
Registered Auditor**

29 August 2011

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Muizenberg Improvement District

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Annual Financial Statements for the year ended 30 June 2011

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis of accounting as set out in Note 1 to the financial statements. 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 basis of accounting as set out in Note 1 to the financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 30 June 2012 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 5 to 14, which have been prepared on the going concern basis, were approved by the directors on 29 August 2011 and were signed on its behalf by:

Director



Director

Plumstead

29 August 2011



Muizenberg Improvement District

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Annual Financial Statements for the year ended 30 June 2011

Directors' Report

The directors submit their report for the year ended 30 June 2011.

1. Review of activities

Main business and operations

The main objective of the company during the year is to revitalise designated areas within the suburb of Muizenberg by promoting the area and a clean and safe environment by providing and procuring the provision of services to and in Muizenberg to achieve this purpose. In the course of achieving the objectives of the company, donations totalling R10,300 were made during the year for the benefits of the underprivileged members of the district to assist in achieving rehabilitation. These amounts are included in the cost of cleaning and projects in the income statement.

2. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

3. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Changes
S. Crossley	Resigned 06 April 2011
M Romyn	
P Wright	
M Robinson	
E Rorke	Resigned 14 July 2010
P Ellis-Smith	Resigned 15 September 2010
A Dietrich	
J Annandale	Appointed 06 April 2011
E Milne	Appointed 06 April 2011
S Frankal	Appointed 06 April 2011
T Rosemeyer	Appointed 06 April 2011

4. Auditor

HG Page & Company will continue in office in accordance with section 270(2) of the Companies Act.



Muizenberg Improvement District

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Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Position

Figures in Rand	Notes(s)	2011	2010
Assets			
Non-Current Assets			
Property, plant and equipment	2	98 641	7 717
Current Assets			
Trade and other receivables		11 110	-
Cash and cash equivalents	3	295 900	289 369
		307 010	289 369
Total Assets		405 651	297 086
Reserves and Liabilities			
Reserves			
Accumulated reserves		411 480	295 904
Liabilities			
Current Liabilities			
Trade and other payables	4	(5 829)	1 182
Total Reserves and Liabilities		405 651	297 086


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Statement of Comprehensive Income

Figures in Rand	Note(s)	2011	2010
Levies received	5	1 001 814	877 974
Operating expenses		(896 020)	(921 496)
Operating profit (loss)	6	105 794	(43 522)
Investment revenue	7	9 782	11 857
Finance costs		-	(1 514)
Profit (loss) for the year		115 576	(33 179)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		115 576	(33 179)



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Statement of Changes in Equity

Figures in Rand	Accumulated reserves	Total equity
Balance at 01 July 2009	329 083	329 083
Changes in equity		
Total comprehensive loss for the year	(33 179)	(33 179)
Total changes	(33 179)	(33 179)
Balance at 01 July 2010	295 904	295 904
Changes in equity		
Total comprehensive income for the year	115 576	115 576
Total changes	115 576	115 576
Balance at 30 June 2011	411 480	411 480

Note(s)

Muizenberg Improvement District

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Annual Financial Statements for the year ended 30 June 2011

Statement of Cash Flows

Figures in Rand	Note(s)	2011	2010
Cash flows from operating activities			
Cash generated from (used in) operations	10	99 167	(40 605)
Interest income		9 782	11 857
Finance costs		-	(1 514)
Net cash from operating activities		108 949	(30 262)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(102 418)	(1 500)
Total cash movement for the year		6 531	(31 762)
Cash at the beginning of the year		289 369	321 131
Total cash at end of the year	3	295 900	289 369

Muizenberg Improvement District

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Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the accounting policies as set out below. The annual financial statements have been prepared on the historical cost basis. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

1.2 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
IT equipment	3 years
Computer software	2 years

The residual value, depreciation method and the useful life of each asset are reviewed at each annual reporting period if there are indicators present that there is a change from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

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Annual Financial Statements for the year ended 30 June 2011

Accounting Policies

1.3 Financial instruments

Initial recognition and measurement

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and 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.

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Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand

2011

2010

2. Property, plant and equipment

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
IT equipment	117 980	(19 339)	98 641	15 562	(7 845)	7 717
Computer software	-	-	-	1 500	(1 500)	-
Total	117 980	(19 339)	98 641	17 062	(9 345)	7 717

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Depreciation	Total
IT equipment	7 717	102 418	(11 494)	98 641

Reconciliation of property, plant and equipment - 2010

	Opening balance	Additions	Depreciation	Total
IT equipment	12 710	1 500	(6 493)	7 717

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 508	1 432
Bank balances	294 392	287 937
	295 900	289 369

4. Trade and other payables

Trade payables	(329)	(2)
VAT	-	1 184
Accrued accounting fees	(5 500)	-
	(5 829)	1 182

5. Revenue

Retention refund	59 850	11 845
Gross revenue comprises levies received from Muizenberg Improvement District ratepayers which is collected by the City of Cape Town via their rates billing system.	941 964	730 902
Provision for un-collected levies	-	(24 892)
	1 001 814	717 855

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Notes to the Annual Financial Statements

Figures in Rand

2011

2010

6. Operating profit (loss)

Operating profit for the year is stated after accounting for the following:

Operating lease charges

Premises

- Contractual amounts

12 600

12 979

Depreciation on property, plant and equipment

11 494

6 493

Employee costs

118 351

144 380

7. Investment revenue

Interest revenue

Bank

9 782

11 857

8. Taxation

No provision has been made for 2011 tax as the association is exempt from income tax in terms of S30(3) of the Income Tax Act 58 of 1962.

9. Auditor's remuneration

Fees

11 660

10 000

10. Cash generated from (used in) operations

Profit (loss) before taxation

115 576

(33 179)

Adjustments for:

Depreciation and amortisation

11 494

6 493

Interest received

(9 782)

(11 857)

Finance costs

-

1 514

Changes in working capital:

Trade and other receivables

(11 110)

-

Trade and other payables

(7 011)

(3 576)

99 167

(40 605)

11. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Performance

Figures in Rand	Note(s)	2011	2010
Revenue			
Retention refund		59 850	11 845
Levies Revenue		941 964	866 129
	5	1 001 814	877 974
Other income			
Interest received	7	9 782	11 857
Operating expenses			
Accounting fees		(26 190)	(9 600)
Administration and management fees		(7 510)	(3 316)
Advertising		(4 129)	(4 086)
Auditor's remuneration	9	(11 660)	(10 000)
Bank charges		(6 104)	(5 407)
Cleaning		(137 385)	(122 190)
Computer expenses		(1 621)	(1 835)
Depreciation, amortisation and impairments		(11 494)	(6 493)
Employee costs		(118 351)	(144 380)
General expenses		-	(1 289)
Photocopy		(2 688)	(14 388)
Projects		(66 789)	(112 654)
Catering		(5 093)	(4 151)
Newsletter expenses		-	(29 746)
Insurance		(3 340)	(2 243)
Rental		(12 600)	(12 979)
Postage		(705)	-
Printing and stationery		(6 614)	(8 070)
Repairs and maintenance		(868)	-
Security		(462 692)	(415 768)
Telephone and fax		(10 187)	(12 901)
		(896 020)	(921 496)
Operating profit (loss)	6	115 576	(31 665)
Finance costs		-	(1 514)
Profit (loss) for the year		115 576	(33 179)