

**Parkhurst Village Residents' and Business Owners' Association
Abbreviated as PRABOA
Annual Financial Statements
for the year ended 29 February 2020**

**Parkhurst Village Residents' and Business Owners' Association
Annual Financial Statements for the year ended 29 February 2020**

General Information

Country of association and domicile	South Africa
Nature of business and principal activities	Residents' Association
Treasurer	VC Nisbet
Business address	www.parkhurstvillage.com 010 900 4377
Postal address	Private Bag X02 Highlands North Johannesburg 2037
Tax reference number	9658241170
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the PRABOA's constitution.
Issued	30 October 2020

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

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

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Committee's Responsibilities and Approval

The Committee are required by the PRABOA's constitution, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of PRABOA 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 financial statements.

The 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 judgements and estimates.

The Committee acknowledge that they are ultimately responsible for the system of internal financial control established by the Committee and place considerable importance on maintaining a strong control environment. To enable the Committee to meet these responsibilities, the Committee 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.

The Committee have reviewed the PRABOA's 's cash flow forecast for the year to 28 February 2021 and, in the light of this review and the current financial position, they are satisfied that the PRABOA has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on PRABOA's financial statements. The financial statements have been examined by the PRABOA's external auditors and their report is presented on pages 4-5.

The financial statements set out on pages 7-14, which have been prepared on the going concern basis, were approved by the committee on 30 October 2020 and were signed on its behalf by:

J F Lategan
Committee Member

Independent Auditor's Report

To the members of Parkhurst Village Residents' and Business Owners' Association

Qualified opinion

We have audited the financial statements of Parkhurst Village Residents' and Business Owners' Association set out on pages 7 to 13, which comprise the statement of financial position as at 29 February 2020, and the comprehensive statement of surplus, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of my report, the annual financial statements present fairly, in all material respects, the financial position of Parkhurst Village Residents' and Business Owners' Association as at 29 February 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the PRABOA's constitution.

Basis for qualified opinion

In common with similar organisations, due to the voluntary nature of contributions, it is not feasible for the organisation to institute accounting controls over contributions prior to the initial entry of collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

We conducted our audit in accordance with International Standards on Auditing (ISA's). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of my report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of 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 qualified opinion.

Emphasis of Matter: The impact of uncertainty of the COVID19 pandemic

We draw attention to Note 12 in the financial statements, which deals with events after the reporting period and specifically the possible effects of the future implications of COVID19 on PRABOA's future prospects and cashflows. Management have also described how they plan to deal with these events and circumstances. This has been adequately disclosed in the Committee's report and Notes to the financial statements. Our opinion is not modified in respect of this matter.

Other information

The Committee are responsible for the other information. The other information comprises the Committee's Report as required by the PRABOA's constitution as well as the detailed income statement, presented on pages 14. 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.

Responsibilities of the Committee for the Financial Statements

The Committee are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the PRABOA's constitution, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee are responsible for assessing PRABOA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee either intend to liquidate PRABOA's or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 ISA's 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 financial statements.

As part of an audit in accordance with ISA's, 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 PRABOA's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.
- Conclude on the appropriateness of the Committee's 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 Committee'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 PRABOA's 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 Committee 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.

PKF Octagon Inc.
Director: W M Wasowicz
Registered Auditor

30 October 2020
Johannesburg

Parkhurst Village Residents' and Business Owners' Association Annual Financial Statements for the year ended 29 February 2020

Committee's Report

The Committee has pleasure in submitting their report on the financial statements of Parkhurst Village Residents' and Business Owners' Association for the year ended 29 February 2020.

1. Nature of business

Parkhurst Village Residents' and Business Owners' Association, abbreviated as PRABOA, is a voluntary association, managed by the committee in accordance with its constitution. The business of PRABOA is to promote and advance the collective interests of those eligible for membership and of all users of Parkhurst, in and around Parkhurst, as reflected in more detail in the constitution.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with entity specific basis of accounting and the requirements of PRABOA's constitution. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

3. Events after the reporting period

The Committee believes it is not in PRABOA's interest, nor those of its members to disclose details of the safety initiatives expenditure.

Subsequent to year-end, as a result of a local and global coronavirus COVID19 infectious disease pandemic, a national state of disaster was declared in South Africa on 15 March 2020. As a preventive measure, except for certain essential services, a strictly regulated 5 week nationwide stay-at-home total lockdown was implemented from 26 March to 30 April 2020.

As part of a gradual and phased recovery of economic activity and an easing of the lockdown restrictions, a 5 coronavirus alert level approach was adopted by the government on 1 May 2020, where level 5 means only essential services can operate and level 1 means that most normal activities can resume. The alert level is determined by the government and is based on its assessment of the infection rate and the capacity of the country's health system.

As at the date of this report, the country is at alert level 1. Due to the nature of PRBOA being funded by voluntary contributions and providing security services (provided by Coretac), operations have continued even under level 5, without interruption.

The lockdown and the phased recovery of economic activity has had a negative impact on the ability for some contributors to pay contributions. This has been hardest felt by businesses, and a number of businesses have closed. This has been mitigated by the fact that landlords are showing concern to have their properties' security maintained by Coretac, for which contribution to PRABOA/SafeParks is a prerequisite to obtaining a discount from Coretac. While there have been turnover of properties, there has not been a material net loss of contributors after year end, as prospective contributors appear to value security services highly. While the short to medium term financial effect and the impact on cash flows remains uncertain, it appears reasonable that there will not be a material impact on the financial statements.

The Committee is not aware of any other material event which occurred after the reporting date and up to the date of this report and has no intention to increase contributions until March 2021.

4. Going concern

The Committee believe that PRABOA has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The Committee is satisfied that PRABOA is in a sound financial position to meet its foreseeable cash requirements. The Committee are aware of the fact that the COVID19 shut-down, noted in note 12 in the Notes to the financial statements, may adversely impact PRABOA with regards to future cash-flows, though this is mitigated by the fact that PRABOA has sufficient cash resources and retained funds available to meet its short term commitments. The Committee are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect PRABOA.

**Parkhurst Village Residents' and Business Owners' Association
Annual Financial Statements for the year ended 29 February 2020**

Statement of Financial Position as at 29 February 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Current Assets			
Trade and other receivables	2	16 963	7 333
Cash and cash equivalents	3	1 578 247	1 419 510
		1 595 210	1 426 843
Total Assets		1 595 210	1 426 843
Reserves and Liabilities			
Reserves			
Accumulated safety fund	4	688 525	617 974
Accumulated general fund	4	703 688	631 370
		1 392 213	1 249 344
Liabilities			
Current Liabilities			
Trade and other payables	5	202 997	177 499
Total Reserves and Liabilities		1 595 210	1 426 843

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Comprehensive Statement of Surplus for the year

Figures in Rand	Note(s)	2020	2019
Revenue from members and contributors	6	2 595 774	2 334 992
Other income	7	2 499	1 000
Operating expenses		(2 511 144)	(2 224 512)
Operating surplus		87 129	111 480
Investment revenue	8	55 740	60 568
Surplus for the year		142 869	172 048

**Parkhurst Village Residents' and Business Owners' Association
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Statement of Cash Flows

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Cash generated from operations	10	102 997	304 804
Interest income		55 740	60 568
Net cash from operating activities		158 737	365 372
Total cash movement for the year			
Cash at the beginning of the year		1 419 510	1 054 138
Total cash at end of the year	3	1 578 247	1 419 510

Parkhurst Village Residents' and Business Owners' Association Annual Financial Statements for the year ended 29 February 2020

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the basis of accounting as set out in Note 1 to the financial statements., and the PRABOA's constitution. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through surplus or deficit) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

1.2 Tax

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.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or reserves as the transaction or other event that resulted in the tax expense.

1.3 Revenue

Donations and contributions received are recognised once received by PRABOA, and no portion is refundable in any event.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Other revenue is recognised by reference to the stage of completion of the transaction that PRABOA has performed at the end of the reporting period for rendered services under an agreement, provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction, will flow to PRABOA.. The Stage of completion is determined by services performed to date as a percentage of total services to be performed. Other revenue is measured at the fair value of the consideration received or receivable.

**Parkhurst Village Residents' and Business Owners' Association
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Notes to the Financial Statements

Figures in Rand	2020	2019
2. Trade and other receivables		
Collection for Coretac security guards	16 963	7 333
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	254 316	301 319
Short-term deposits	1 323 931	1 118 191
	1 578 247	1 419 510
4. Reserves - General and safety		
General reserves - Litigation Reserve	100 000	100 000
General reserves - Working Capital Reserve	75 000	75 000
General reserves - Unallocated General Reserve	528 688	456 370
Safety reserves - Working Capital Reserve	165 000	165 000
Safety reserves - Holiday Season Safety Reserve	175 000	175 000
Safety reserves - Unallocated Safety Reserve	348 525	277 974
	1 392 213	1 249 344
5. Trade and other payables		
Trade payables	191 784	169 999
Accrued audit fee	11 213	7 500
	202 997	177 499
6. Revenue		
PRABOA Seniors Membership	2 934	2 202
PRABOA Standard Membership	150 384	133 751
Safeparks Contribution	2 442 456	2 199 039
	2 595 774	2 334 992
7. Other income		
Advertising	2 499	1 000
8. Investment revenue		
Interest revenue		
Bank	55 740	60 568

**Parkhurst Village Residents' and Business Owners' Association
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Notes to the Financial Statements

9. Taxation

Major components of the tax expense

Reconciliation of the tax expense

Reconciliation between accounting surplus and tax expense.

Accounting profit	142 869	172 048
Tax at the applicable tax rate of 28% (2019: 28%)	40 003	48 173
Tax effect of adjustments on taxable income		
Exempt income		
Non-taxable income	(726 816)	(653 798)
Exempt income	(16 307)	(10 775)
	(743 123)	(664 573)
Non-deductible expenses		
Non-deductible expenses	703 120	616 400
	703 120	616 400
	-	-

10. Cash generated from operations

Surplus before taxation	142 869	172 048
Adjustments for:		
Interest received	(55 740)	(60 568)
Rounding	-	2
Changes in working capital:		
Trade and other receivables	(9 630)	26 748
Trade and other payables	25 498	166 574
	102 997	304 804

**Parkhurst Village Residents' and Business Owners' Association
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Notes to the Financial Statements

Figures in Rand	2020	2019
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11. Going concern

The 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.

The events after reporting period noted in note 12 indicate uncertainty over future receipts of association fees, due to residents having depleted cash-flows. The ability of the association to continue as a going concern is dependent on a number of factors. The most significant of these is that PRABOA has sufficient cash resources and retained funds available to meet its short term commitments. Fees received and cash available after year end have been sufficient to cover expenses and commitments.

12. Events after the reporting period

Subsequent to year-end, as a result of a local and global coronavirus COVID-19 infectious disease pandemic, a national state of disaster was declared in South Africa on 15 March 2020. As a preventive measure, except for certain essential services, a strictly regulated 5 week nationwide stay-at-home total lockdown was implemented from 26 March to 30 April 2020.

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**Parkhurst Village Residents' and Business Owners' Association
Annual Financial Statements for the year ended 29 February 2020**

Detailed Income Statement

Figures in Rand	Note(s)	2020	2019
Revenue			
PRABOA Seniors Membership		2 934	2 202
PRABOA Standard Membership		150 384	133 751
Safeparks Contribution		2 442 456	2 199 039
	6	2 595 774	2 334 992
Other income			
Advertising		2 499	1 000
Interest received	8	55 740	60 568
		58 239	61 568
Operating expenses			
AGM expenses		750	-
Accounting fees		-	6 376
Auditors remuneration		20 388	12 963
Bank charges		3 312	1 900
Clinic project expense		-	5 700
Computer expenses		3 573	-
Events expenses		-	23 085
Repairs and maintenance		39 000	12 000
Safe parks		2 371 728	2 124 144
Sage service fee		22 282	21 516
Security		-	540
Subscriptions		-	15 939
Telephone and fax		20 902	349
Town planner retainer		29 209	-
		2 511 144	2 224 512
Surplus for the year		142 869	172 048

Parkhurst Village Residents' and Business Owners' Association

(Taxpayer reference number 9658241170)

Trading as PRABOA

Annual Financial Statements for the year ended 29 February 2020

Tax Computation

Figures in Rand	2020
Net profit per income statement	142 869
Permanent differences (Non-deductible/Non taxable items)	
Non-taxable incomes	(2 595 774)
Non-deductible expenses	2 511 144
Exempt income	(58 239)
	(142 869)
Tax thereon @ 28% in the Rand	-