

Parkhurst Village Residents' and Business Owners' Association
Annual Financial Statements
for the year ended 28 February 2021

HLB CMA South Africa Incorporated
Registered Auditors

Parkhurst Village Residents' and Business Owners' Association

Annual Financial Statements for the year ended 28 February 2021

General Information

| | |
|--|--|
| Country of incorporation and domicile | South Africa |
| Nature of business and principal activities | Residents' Association |
| Treasurer | J. F. Lategan |
| Postal address | P O Box 84637 Greenside 2034 |
| Auditors | HLB CMA South Africa Incorporated Registered Auditors |
| 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. |
| Preparer | The annual financial statements were independently compiled by: Mrs. M. Oosthuizen Professional Accountant (S.A). |
| Issued | 17 August 2021 |

Parkhurst Village Residents' and Business Owners' Association

Annual Financial Statements for the year ended 28 February 2021

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

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Parkhurst Village Residents' and Business Owners' Association

Annual Financial Statements for the year ended 28 February 2021

Committee's Responsibilities and Approval

The Committee is required by the PRABOA's constitution, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related information included in this report. It is their responsibility to ensure that the annual 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 annual 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 annual financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Committee acknowledges that it is 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 has reviewed the PRABOA's cash flow forecast for the year to 28 February 2022 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 annual financial statements. The financial statements have been examined by PRABOA's external auditors and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 6 to 13, which have been prepared on a going concern basis, were approved by the committee on 17 August 2021 and were signed on their behalf by:



Committee member

Independent Auditor's Report

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

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 28 February 2021, statement of comprehensive income and statement of cash flows for the year then ended, and the 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 our report, the financial statements of Parkhurst Village Residents' and Business Owners' Association for the year ended 28 February 2021 present fairly, in all material respects, in accordance with the basis of accounting described in note 1 to the financial statements and the requirements of the PRABOA's constitution.

Basis for 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. 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 association in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other information

The committee is responsible for the other information. The other information comprises the information included in the document titled "Parkhurst Village Residents' and Business Owners' Association financial statements for the year ended 28 February 2021", which includes the Committee's Report as required by the PRABOA's constitution, which we obtained prior to the date of this report. 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 is responsible for the preparation of the financial statements in accordance with the basis of accounting described in note 1 to the financial statements and the requirements of the PRABOA's constitution, for determining that the basis of preparation is acceptable in the circumstance and for such internal control as the committee 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 is responsible for assessing the association'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 the association or to cease operations, or have no realistic alternative but to do so.

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 International Standards on Auditing 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 International Standards on Auditing, 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 association'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 association'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 association to cease to continue as a going concern.

We communicate with the 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.

HLB CMA South Africa Incorporated
Registered Auditors



Per: S. Moolenaar
Director
Registered Auditor
17 August 2021

Parkhurst Village Residents' and Business Owners' Association

Annual Financial Statements for the year ended 28 February 2021

Committee's Report

The Committee has pleasure in submitting their report on the annual financial statements of Parkhurst Village Residents' and Business Owners' Association for the year ended 28 February 2021.

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 all users of Parkhurst, as reflected in more detail in the constitution.

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

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with the basis of accounting as set out in note 1 to the annual financial statement and the requirements of PRABOA's constitution. The accounting policies have been applied consistently compared to prior year.

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

3. Going concern

The committee believe that the association 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 committee has satisfied themselves that the association is in a sound financial position. The committee is not aware of any new material changes that may adversely impact the company. The committee is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the association.

On 11 March 2020, the outbreak of COVID-19 was classified as a global pandemic by the World Health Organisation. This was followed locally by a declaration of a National State of Disaster and the enforcement of a national lockdown on 27 March 2020. The landscape is constantly evolving and much of the world remains under varying degrees of lockdown, while the measures imposed by various governments, in an attempt to contain the spread of the virus, continue to cause significant disruption to the global economy.

Based on the latest financial results, the association continues to benefit from members' contributions in the current year, and the COVID-19 pandemic does not appear to have had a significant impact on the association. The need and desire for housing (and to a lesser extent business) in Parkhurst remains, together with the regrettable desire for additional security indicate that the number of contributors is likely to continue increasing.

The committee continues to monitor results closely and forecasts are updated to account for changing circumstances.

Based on this, the Committee is satisfied that the association has sufficient resources, and will be a going concern for the foreseeable future.

The annual financial statements have therefore 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.

4. Events after the reporting period

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The committee is not aware of any other material event which occurred after the reporting date and up to the date of this report that could have a material effect on the association.

5. Auditors

HLB CMA South Africa Incorporated was appointed in office as auditors for the association for 2021.

Parkhurst Village Residents' and Business Owners' Association

Annual Financial Statements for the year ended 28 February 2021

Statement of Financial Position as at 28 February 2021

| Figures in Rand | Note(s) | 2021 | 2020 |
|---------------------------------------|---------|------------------|------------------|
| Assets | | | |
| Current Assets | | | |
| Trade and other receivables | 2 | 6,676 | 16,963 |
| Cash and cash equivalents | 3 | 1,449,822 | 1,578,247 |
| | | <u>1,456,498</u> | <u>1,595,210</u> |
| Total Assets | | <u>1,456,498</u> | <u>1,595,210</u> |
| Reserves and Liabilities | | | |
| Members' interest and reserves | | | |
| Accumulated safety fund | 4 | 695,043 | 688,525 |
| Accumulated general fund | 4 | 750,242 | 703,688 |
| | | <u>1,445,285</u> | <u>1,392,213</u> |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 5 | 11,213 | 202,997 |
| Total Equity and Liabilities | | <u>1,456,498</u> | <u>1,595,210</u> |

Parkhurst Village Residents' and Business Owners' Association

Annual Financial Statements for the year ended 28 February 2021

Statement of Comprehensive Income

| Figures in Rand | Note(s) | 2021 | 2020 |
|-----------------------------|---------|------------------|------------------|
| Revenue | | | |
| PRABOA seniors membership | | 3,216 | 2,934 |
| PRABOA standard membership | | 143,100 | 150,384 |
| Plan approval fees | | 22,000 | - |
| Safeparks contribution | | 2,360,075 | 2,442,456 |
| | 6 | <u>2,528,391</u> | <u>2,595,774</u> |
| Other income | | | |
| Advertising | | - | 2,499 |
| Operating expenses | | | |
| AGM expenses | | - | 750 |
| Auditors remuneration | | 15,180 | 20,388 |
| Bank charges | | 3,103 | 3,312 |
| Computer expenses | | 5,850 | 3,573 |
| Precinct management | | 46,000 | - |
| Precinct plan | | 25,529 | - |
| Repairs and maintenance | | 6,720 | 39,000 |
| Safe parks | | 2,340,390 | 2,371,728 |
| Sage service fee | | 26,684 | 22,282 |
| Telephone and fax | | 18,491 | 20,902 |
| Town planner retainer | | 30,820 | 29,209 |
| | | <u>2,518,767</u> | <u>2,511,144</u> |
| Operating surplus | | | |
| Investment income | 7 | 43,449 | 55,740 |
| | | <u>9,624</u> | <u>87,129</u> |
| Surplus for the year | | | |
| | | <u>53,073</u> | <u>142,869</u> |

Parkhurst Village Residents' and Business Owners' Association

Annual Financial Statements for the year ended 28 February 2021

Statement of Cash Flows

| Figures in Rand | Note(s) | 2021 | 2020 |
|---|---------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash (used in) generated from operations | 8 | (171,874) | 102,997 |
| Interest income | | 43,449 | 55,740 |
| Net cash from operating activities | | (128,425) | 158,737 |
| Total cash movement for the year | | | |
| Cash at the beginning of the year | | 1,578,247 | 1,419,510 |
| Total cash at end of the year | 3 | 1,449,822 | 1,578,247 |

Parkhurst Village Residents' and Business Owners' Association

Annual Financial Statements for the year ended 28 February 2021

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 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 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 loans, 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.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through surplus and deficit.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

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 equity as the transaction or other event that resulted in the tax expense.

Parkhurst Village Residents' and Business Owners' Association

Annual Financial Statements for the year ended 28 February 2021

Accounting Policies

1.3 Revenue

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

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

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

Annual Financial Statements for the year ended 28 February 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|---|------------------|------------------|
| 2. Trade and other receivables | | |
| Trade receivables | 6,676 | - |
| Collection for Cortac security guards | - | 16,963 |
| | <u>6,676</u> | <u>16,963</u> |
| 3. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Bank balances | 65,634 | 254,316 |
| Short-term deposits | 1,384,188 | 1,323,931 |
| | <u>1,449,822</u> | <u>1,578,247</u> |
| 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 | 575,242 | 528,688 |
| Safety reserves - Working capital reserve | 165,000 | 165,000 |
| Safety reserves - Holiday season safety reserve | 175,000 | 175,000 |
| Safety reserves - Unallocated safety reserve | 355,043 | 348,525 |
| | <u>1,445,285</u> | <u>1,392,213</u> |
| 5. Trade and other payables | | |
| Trade payables | - | 191,784 |
| Accrued audit fee | 11,213 | 11,213 |
| | <u>11,213</u> | <u>202,997</u> |
| 6. Revenue | | |
| <p>Income from contributions and subscriptions is almost entirely received by debit order on the 27 of each month or the first business day thereafter. In terms of Note 1.3, the income is brought into account on the day it is actually received. Because 27 February 2021 was on a Saturday, there were only 11 such debit order collections during the 2020 - 2021 year. This explains the apparent reduction in income since the 2019 - 2020 year. The amount actually received on 1 March 2021 was R 231,129.50, which, if added to the R 2,528,391 revenue, would give a like for like increased income of 6.3%</p> | | |
| 7. Investment income | | |
| Interest received | | |
| Bank | 43,449 | 55,740 |
| 8. Cash (used in) generated from operations | | |
| Surplus before taxation | 53,073 | 142,869 |
| Adjustments for: | | |
| Interest received | (43,449) | (55,740) |
| Changes in working capital: | | |
| Trade and other receivables | 10,287 | (9,630) |
| Trade and other payables | (191,785) | 25,498 |
| | <u>(171,874)</u> | <u>102,997</u> |

Parkhurst Village Residents' and Business Owners' Association

Annual Financial Statements for the year ended 28 February 2021

Notes to the Annual Financial Statements

| Figures in Rand | 2021 | 2020 |
|--|------------------|------------------|
| 9. Taxation | | |
| Reconciliation of the tax expense | | |
| Reconciliation between accounting surplus and tax expense. | | |
| Accounting surplus | 53,073 | 142,869 |
| Tax at the applicable tax rate of 28% (2020: 28%) | 14,860 | 40,003 |
| Tax effect of adjustments on taxable income | | |
| Exempt income | | |
| Non-taxable income | (707,949) | (726,816) |
| Exempt income | (12,166) | (16,307) |
| | <u>(720,115)</u> | <u>(743,123)</u> |
| Non-deductible expenses | | |
| Non-deductible expense | 705,255 | 703,120 |
| | <u>705,255</u> | <u>703,120</u> |
| | <u>-</u> | <u>-</u> |

10. Going concern

The committee believe that the association 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 committee has satisfied themselves that the association is in a sound financial position. The committee is not aware of any new material changes that may adversely impact the company. The committee is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the association.

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Based on the latest financial results, the association continues to benefit from members' contributions in the current year, and the COVID-19 pandemic does not appear to have had a significant impact on the association. The need and desire for housing (and to a lesser extent business) in Parkhurst remains, together with the regrettable desire for additional security indicate that the number of contributors is likely to continue increasing.

The committee continues to monitor results closely and forecasts are updated to account for changing circumstances.

Based on this, the Committee is satisfied that the association has sufficient resources, and will be a going concern for the foreseeable future.

The annual financial statements have therefore 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.

11. Events after the reporting period

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The committee is not aware of any other material event which occurred after the reporting date and up to the date of this report that could have a material effect on the association.