

**St Francis Property Owners NPC
(Registration number 2016/098430/08)
Financial statements
for the year ended 30 June 2020**

These financial statements were prepared by:

G Brooker

Chartered accountant (S.A.)

These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Issued 30 September 2020

St Francis Property Owners NPC

(Registration number: 2016/098430/08)

Financial Statements for the year ended 30 June 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Managing and maintaining the self-rating area of St Francis Bay.
Directors	DW Furphy (Chairman) CAW Gray PW Mountford GJA Vorster GJ Pienaar CL Northwood MJ Scheckter
Registered office	28 Lyme Road South St Francis Bay 6312
Business address	28 Lyme Road South St Francis Bay 6312
Postal address	P. O. Box 18 St Francis Bay Port Elizabeth 6312
Bankers	Standard Bank
Auditors	Moore Registered Auditors
Company registration number	2016/098430/08
Tax reference number	9563/832/17/0

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Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, 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 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 Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities 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 directors set 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

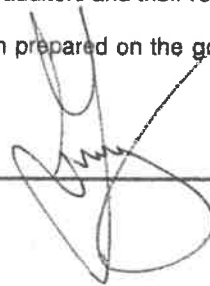
The directors have reviewed the company's cash flow forecast for the year to 30 June 2021 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The financial statements set out on pages 6 to 16, which have been prepared on the going concern basis, were approved by the directors on 30 September 2020 and were signed by:



Director



Director

Humansdorp

30 September 2020

Independent Auditor's Report

To the members of St Francis Property Owners NPC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of St Francis Property Owners NPC (the company) set out on pages 7 to 15, which comprise the statement of financial position as at 30 June 2020, and the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of St Francis Property Owners NPC as at 30 June 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 Companies Act 71 of 2008.

Basis for opinion

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 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information includes the Directors' Report as required by the Companies Act 71 of 2008 and the Detailed Income Statement, 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 on the other information obtained prior to the date of this auditor's report, 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 directors for the Financial Statements

The directors 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 Companies Act 71 of 2008, 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the 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.

Moore

**Moore
J Barnard
Director
Registered Auditors**

**30 September 2020
Humansdorp**

St Francis Property Owners NPC

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Financial Statements for the year ended 30 June 2020

Directors' Report

The directors have pleasure in submitting their report on the financial statements of St Francis Property Owners NPC for the year ended 30 June 2020.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. 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.

2. Directors

The directors in office at the date of this report are as follows:

Directors

DW Furphy (Chairman)

CAW Gray

PW Mountford

GJA Vorster

GJ Pienaar

CL Northwood

MJ Scheckter

There have been no changes to the directorate for the period under review.

3. Events after the reporting period

On 15 March 2020, the Covid-19 pandemic was declared a national disaster and on 23 March 2020 a national lockdown was imposed from 26 March 2020. This resulted in a significant decrease in the South African repo and prime overdraft rate, which could influence future interest receipts. The directors do not foresee any significant effect on the financial results of the entity.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

4. Going concern

The directors believe that the company 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 directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities 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.

5. Auditors

Moore continued in office as auditors for the company for 2020.

St Francis Property Owners NPC

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Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

	Notes	2020 R	2019 R
Assets			
Current Assets			
Trade and other receivables	2	927 939	520 968
Cash and cash equivalents	3	9 239 031	5 375 966
		10 166 970	5 896 934
Total Assets		10 166 970	5 896 934
Equity and Liabilities			
Equity			
Reserves		126 026	265 893
Retained income		9 397 889	4 622 377
		9 523 915	4 888 270
Liabilities			
Current Liabilities			
Trade and other payables	4	590 266	967 167
Current tax payable		31 589	21 497
Provisions	5	21 200	20 000
		643 055	1 008 664
Total Equity and Liabilities		10 166 970	5 896 934

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Statement of Comprehensive Income

	Notes	2020 R	2019 R
Revenue		7 196 092	6 288 567
Other income		1 497 107	342 826
Operating expenses		(4 270 333)	(3 814 235)
Operating profit	6	4 422 866	2 817 158
Investment revenue	7	284 753	186 655
Finance costs	8	(11 842)	(589)
Profit before taxation		4 695 777	3 003 224
Taxation	9	(70 672)	(39 084)
Profit for the year		4 625 105	2 964 140
Other comprehensive income		-	-
Total comprehensive income for the year		4 625 105	2 964 140

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Statement of Changes in Equity

	George road fund R	Legal reserve fund R	Pathway reserve fund R	Spit fund R	Total reserves R	Retained income R	Total equity R
Balance at 01 July 2018	-	250 000	-	212 980	462 980	1 408 237	1 871 217
Profit for the year	-	-	-	-	-	2 964 140	2 964 140
Total comprehensive income for the year	-	-	-	-	-	2 964 140	2 964 140
Transfer between reserves	141 410	(250 000)	115 486	(203 983)	(197 087)	250 000	52 913
Total changes	141 410	(250 000)	115 486	(203 983)	(197 087)	250 000	52 913
Balance at 01 July 2019	141 410	-	115 486	8 997	265 893	4 622 377	4 888 270
Profit for the year	-	-	-	-	-	4 625 105	4 625 105
Total comprehensive income for the year	-	-	-	-	-	4 625 105	4 625 105
Transfer between reserves	(141 410)	-	-	(8 997)	(150 407)	150 407	-
Increase in reserves	-	-	10 540	-	10 540	-	10 540
Total changes	(141 410)	-	10 540	(8 997)	(139 867)	150 407	10 540
Balance at 30 June 2020	-	-	126 026	-	126 026	9 397 889	9 523 915

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Statement of Cash Flows

	Notes	2020 R	2019 R
Cash flows from operating activities			
Cash receipts from customers		8 291 228	7 173 283
Cash paid to suppliers and employees		(4 640 494)	(3 858 204)
Cash generated from operations	11	3 650 734	3 315 079
Interest income	7	284 753	186 655
Finance costs	8	(11 842)	(589)
Tax paid	12	(60 580)	(33 872)
Net cash from operating activities		3 863 065	3 467 273
Total cash movement for the year		3 863 065	3 467 273
Cash at the beginning of the year		5 375 966	1 908 693
Total cash at end of the year	3	9 239 031	5 375 966

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Accounting Policies

1. Presentation of financial statements

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in South African Rands.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

The financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

1.2 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 profit or loss) 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 profit or loss.

1.3 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.

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.

The association is taxed in terms of section 10(1)(e) of the Income Tax Act, 1962. This section provides for the exemption of levy income tax.

1.4 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.

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Accounting Policies

1.5 Employee benefits

Short-term employee benefits

- The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.6 Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.7 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has 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 the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.8 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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Notes to the Financial Statements

	2020 R	2019 R		
2. Trade and other receivables				
Trade receivables	909 597	516 968		
Deposits	4 000	4 000		
St Francis Bay Residents Association	14 342	-		
	927 939	520 968		
3. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances	290 700	1 462 388		
Short-term deposits	8 948 331	3 913 578		
	9 239 031	5 375 966		
4. Trade and other payables				
Trade payables	74 273	210 381		
Aldabara Revetment Project	30 806	30 806		
SARS - VAT	275 187	615 337		
SARS - UIF	-	1 071		
SARS - PAYE	-	29 759		
Other payables	210 000	79 813		
	590 266	967 167		
5. Provisions				
Reconciliation of provisions - 2020				
	Opening balance	Additions	Utilised during the year	Total
Provision for audit fee	20 000	21 200	(20 000)	21 200
Reconciliation of provisions - 2019				
		Opening balance	Additions	Total
Provision for audit fee		-	20 000	20 000
The timing of the outflow of economic benefits with regards to the audit fee provision is expected to be within 12 months.				
6. Operating profit				
Operating profit for the year is stated after accounting for the following:				
Employee costs		313 269		185 385
7. Investment revenue				
Interest revenue				
Bank		284 753		186 655

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Notes to the Financial Statements

	2020 R	2019 R
8. Finance costs		
Bank	13	-
SARS	11 829	589
	11 842	589
9. Taxation		
Major components of the tax expense		
Current taxation		
South African normal tax - current year	70 672	39 084
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	4 695 777	3 003 224
Tax at the applicable tax rate of 28% (2019: 28%)	1 314 818	840 903
Other		
s(10)(1)(e) exemption	(14 000)	(14 000)
Exempt income	(2 429 819)	(1 855 329)
Expenses relating to exempt income	1 122 796	1 065 746
Other permanent differences	25 735	1 764
	19 530	39 084
10. Auditor's remuneration		
Audit fee	21 200	20 000
Compilation fee - prior year	-	7 560
Tax and secretarial services	1 201	8 606
	22 401	36 166
11. Cash generated from operations		
Profit before taxation	4 695 777	3 003 224
Adjustments for:		
Interest received	(284 753)	(186 655)
Finance costs	11 842	589
Movements in provisions	1 200	20 000
Movement in reserves	10 540	52 913
Changes in working capital:		
Trade and other receivables	(406 971)	(401 450)
Trade and other payables	(376 901)	826 458
	3 650 734	3 315 079
12. Tax paid		
Balance at beginning of the year	(21 497)	(16 285)
Current tax for the year recognised in profit or loss	(70 672)	(39 084)
Balance at end of the year	31 589	21 497
	(60 580)	(33 872)

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Notes to the Financial Statements

	2020 R	2019 R	
13. Directors' remuneration			
Executive			
2019			
PL Pezarro	Emoluments 17 820	Total 17 820	
No directors emoluments were paid for the financial year 30 June 2020.			
14. Categories of financial instruments			
Categories of financial assets			
2020			
Trade and other receivables	Notes 2	Amortised cost 927 939	Total 927 939
Cash and cash equivalents	3	9 239 031	9 239 031
		10 166 970	10 166 970
2019			
Trade and other receivables	Notes 2	Amortised cost 520 968	Total 520 968
Cash and cash equivalents	3	5 375 966	5 375 966
		5 896 934	5 896 934
Categories of financial liabilities			
2020			
Trade and other payables	Note 4	Amortised cost 315 079	Total 315 079
2019			
Trade and other payables	Note 4	Amortised cost 321 000	Total 321 000

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Detailed Income Statement

	Notes	2020 R	2019 R
Revenue			
Levies received		7 196 092	6 288 567
Other income			
Donation income - Village entrance		295 783	-
Donation income - George road		-	8 590
Donation income - Pathway		1 181 050	92 925
Donation income - Spit		-	236 092
Sundry Income		20 274	5 219
		1 497 107	342 826
Operating expenses			
Advertising		81 624	-
Auditors remuneration	10	22 401	36 166
Employee costs		313 269	185 385
Kouga Municipality administration fees		213 036	188 745
Other expenses		157 086	85 662
Project - CCTV rental & surveillance		870 284	1 127 387
Project - Pathway		1 185 301	92 925
Project - River and beach		596 387	460 077
Project - Roads		830 945	1 637 888
		4 270 333	3 814 235
Operating profit	6	4 422 866	2 817 158
Investment revenue	7	284 753	186 655
Finance costs	8	(11 842)	(589)
		272 911	186 066
Profit before taxation		4 695 777	3 003 224
Taxation	9	(70 672)	(39 084)
Profit for the year		4 625 105	2 964 140