



Lower Kenilworth Improvement District

Bounded by the Railway line, Kenilworth Rd,
Rosmead Ave and Wetton Rd

LOWER KENILWORTH IMPROVEMENT DISTRICT NPC
(Registration number 2020/593529/08)

AUDITED ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2023

Lower Kenilworth Improvement District NPC**(Registration number: 2020/593529/08)****Audited Annual Financial Statements for the year ended 30 June 2023****General Information**

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Provide community-based private urban management within public areas of the SRA
Board of directors	AP Nelson ML Willis NR Veitch PC Linnegar RD Moore
Registered office	20 Ascot Road KENILWORTH 7708
Business address	20 Ascot Road KENILWORTH 7708
Postal address	20 Ascot Road KENILWORTH 7708
Bankers	First National Bank Limited
Auditors	Sentio Audit Incorporated Registered Auditors
Preparer	HVM Audit Incorporated
Company registration number	2020/593529/08
Income tax reference number	9416/062/20/7
VAT registration number	4010292292
Tax exemption reference number	930071614

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The reports and statements set out below comprise the audited annual financial statements presented to the board of directors:

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Level of assurance

These audited annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

Preparer

C Niemand PA (S.A.)
HVM Audit Incorporatied

Published

30 August 2023

Board of 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 audited annual financial statements and related financial information included in this report. It is their responsibility to ensure that the audited annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the audited annual financial statements.

The audited annual 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 audited 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 2024 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 audited annual financial statements. The audited annual financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 8.

The audited annual financial statements set out on pages 9 to 16, which have been prepared on the going concern basis, were approved by the board of directors on 30 August 2023 and were signed on their behalf by:



AP Nelson



PC Linnegar

Board of Directors' Report

The directors have pleasure in submitting their report on the audited annual financial statements of Lower Kenilworth Improvement District NPC for the year ended 30 June 2023.

1. Incorporation

The company was incorporated on 04 August 2020 and obtained its certificate to commence business on the same day.

2. Nature of business

Lower Kenilworth Improvement District NPC was incorporated in South Africa with interests in the non-profit industry. The company operates in South Africa.

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

3. Review of financial results and activities

The audited annual 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 of South Africa. 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 audited annual financial statements.

4. Events after the reporting period

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

5. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the audited annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient 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.

6. Secretary

The company secretary is Charles Abbott.

7. Auditors

Sentio Audit Incorporated continued in office as auditors for the company for 2023.

Board of Directors' Report

8. Board of directors

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

Board of directors	Nationality	Changes
AP Nelson	South African	
C Postlethwayt	South African	Resigned: 27 February 2023
ML Willis	South African	
NR Veitch	South African	Appointed: 27 February 2023
PC Linnegar	South African	
RD Moore	South African	

9. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act of South Africa.



Sentio Audit

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Registration
Sentio Audit Incorporated
2021/549478/21

Independent Auditor's Report

To the Board of Directors of Lower Kenilworth Improvement District NPC

Opinion

We have audited the audited annual financial statements of Lower Kenilworth Improvement District NPC (the company) set out on pages 9 to 16, which comprise the statement of financial position as at 30 June 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the audited annual financial statements, including a summary of significant accounting policies.

In our opinion, the audited annual financial statements present fairly, in all material respects, the financial position of Lower Kenilworth Improvement District NPC as at 30 June 2023, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

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 Audited Annual 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 audited annual 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 Matter

We draw attention to the fact that supplementary information set out on page 17 does not form part of the audited annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Responsibilities of the Board of Directors for the Audited Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the audited annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of audited annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the audited annual 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 Audited Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the audited annual 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 audited annual 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 audited annual 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 audited annual 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 audited annual financial statements, including the disclosures, and whether the audited annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

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.



V Badenhorst
SENTIO AUDIT INCORPORATED
Registered Auditors
IRBA Number: 919485

30 August 2023
Stellenbosch

Lower Kenilworth Improvement District NPC
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Statement of Financial Position as at 30 June 2023

	Notes	2023 R	2022 R
Assets			
Current Assets			
Trade and other receivables	2	1 804	-
Cash and cash equivalents	3	1 043 269	824 216
		1 045 073	824 216
Total Assets		1 045 073	824 216
Equity and Liabilities			
Equity			
Surplus funds		899 071	677 206
Liabilities			
Current Liabilities			
Trade and other payables	4	146 002	147 010
Total Equity and Liabilities		1 045 073	824 216

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Statement of Comprehensive Income

	Notes	2023 R	2022 R
Revenue		1 636 270	1 537 554
Operating expenses		(1 455 149)	(1 360 263)
Operating surplus		181 121	177 291
Investment revenue	5	40 772	13 685
Finance costs	6	(28)	-
Surplus for the year		221 865	190 976

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Statement of Changes in Equity

	Surplus funds R	Total equity R
Balance at 01 July 2021	486 230	486 230
Surplus for the year	190 976	190 976
Balance at 01 July 2022	677 206	677 206
Surplus for the year	221 865	221 865
Balance at 30 June 2023	899 071	899 071

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Statement of Cash Flows

	Notes	2023 R	2022 R
Cash flows from operating activities			
Cash receipts from customers		1 634 466	1 537 554
Cash paid to suppliers and employees		(1 456 159)	(1 332 794)
Cash generated from operations	9	178 307	204 760
Interest income		40 772	13 685
Finance costs		(28)	-
Net cash from operating activities		219 051	218 445
Cash flows from financing activities			
Repayment of other financial liabilities		-	(3 000)
Total cash movement for the year		219 051	215 445
Cash and cash equivalents at the beginning of the year		824 216	608 771
Total cash at end of the year	3	1 043 267	824 216

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Audited Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The audited annual 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 of South Africa. The audited annual financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, 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 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.

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.

Current tax liabilities / (assets) for the current and prior periods are measured at the amount expected to be paid to / (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

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.

1.3 Government grants

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Lower Kenilworth Improvement District NPC**(Registration number: 2020/593529/08)****Audited Annual Financial Statements for the year ended 30 June 2023****Accounting Policies**

1.4 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 surplus or deficit, using the effective interest rate method.

1.5 Borrowing costs

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

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Notes to the Audited Annual Financial Statements

	2023	2022
	R	R
2. Trade and other receivables		
South African Revenue Services: VAT	<u>1 804</u>	<u>-</u>
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	<u>1 043 269</u>	<u>824 216</u>
4. Trade and other payables		
Trade payables	146 002	144 945
South African Revenue Services: VAT	-	2 065
	<u>146 002</u>	<u>147 010</u>
5. Investment revenue		
Interest revenue		
Bank	<u>40 772</u>	<u>13 685</u>
6. Finance costs		
Creditors	<u>28</u>	<u>-</u>
7. Auditor's remuneration		
Fees	10 575	10 000
Tax and secretarial services	1 475	-
	<u>12 050</u>	<u>10 000</u>
8. Taxation		
Non provision of tax		
No provision has been made for 2023 tax as the company is exempt from paying income tax and has no other taxable income.		

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Notes to the Audited Annual Financial Statements

	2023	2022
	R	R
9. Cash generated from operations		
Net surplus before taxation	221 865	190 976
Investment income	(40 772)	(13 685)
Finance costs	28	-
Changes in working capital:		
Increase in trade and other receivables	(1 804)	-
(Decrease) / increase in trade and other payables	(1 010)	27 469
	178 307	204 760

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Audited Annual Financial Statements for the year ended 30 June 2023**Unaudited Detailed Income Statement**

	Notes	2023 R	2022 R
Revenue			
Revenue - Additional rates received		1 599 011	1 537 554
Revenue - Additional rates retention received		37 259	-
		1 636 270	1 537 554
Operating expenses			
Accounting fees		(4 700)	(3 191)
Administration and management fees		(13 700)	(10 000)
Advertising		(5 096)	(5 016)
Auditors remuneration	7	(12 050)	(10 000)
Bank charges		(3 207)	(2 870)
CCTV leasing of cameras		(252 738)	(246 000)
CCTV monitoring		(285 664)	(276 862)
Cleaning		(88 416)	(61 000)
Communication		-	(2 456)
Computer expenses		(4 850)	(8 637)
Environmental upgrading		(1 450)	(7 033)
Fencing project		(53 910)	-
Insurance		(8 188)	(8 137)
Printing and stationery		(47)	(1 163)
Public safety		(721 133)	(702 011)
Urban maintenance		-	(15 887)
		(1 455 149)	(1 360 263)
Operating surplus		181 121	177 291
Investment income	5	40 772	13 685
Finance costs	6	(28)	-
		40 744	13 685
Surplus for the year		221 865	190 976