

Bridge City Management Association (RF) NPC
(Registration number 2007/027692/08)
Annual financial statements
for the year ended 28 February 2019
Issued 22 July 2019

Bridge City Management Association (RF) NPC

(Registration number: 2007/027692/08)

Annual Financial Statements for the year ended 28 February 2019

General Information

Country of incorporation and domicile	South Africa
Directors	B D Ive MG Gcaba SD Hlengwa SM Maphumulo Y Patel SO Mthembu BR Gumede D Pretorius
Registered office	305 Umhlanga Rocks Drive La Lucia 4051
Business address	305 Umhlanga Rocks Drive La Lucia 4051
Bankers	Standard Bank of South Africa Limited
Auditors	Stuart Edwards & Company Chartered Accountants (SA) Registered Auditor 349 Vause Road Overport Durban 4001
Company registration number	2007/027692/08

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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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Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 2008.

Published

22 July 2019

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Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Association 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 annual financial statements.

The 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 Association and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Association and all employees are required to maintain the highest ethical standards in ensuring the Association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Association is on identifying, assessing, managing and monitoring all known forms of risk across the Association. While operating risk cannot be fully eliminated, the Association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the Association's cash flow forecast for the year to 29 February 2020 and, in the light of this review and the current financial position, They are satisfied that the Association 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 Association's annual financial statements. The annual financial statements have been examined by the Association's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 7 to 14, which have been prepared on the going concern basis, were approved by the board of directors on 22 July 2019 and were signed on its behalf by:

Approval of annual financial statements

Director

Director



STUART EDWARDS & COMPANY

CHARTERED ACCOUNTANTS (SOUTH AFRICA)

Independent Auditor's Report

To the members of Bridge City Management Association NPC

Opinion

We have audited the annual financial statements of Bridge City Management Association (RF) NPC set out on pages 7 to 13, which comprise the statement of financial position as at 28 February 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Bridge City Management Association (RF) NPC as at 28 February 2019, 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 of South Africa, 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 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 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 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 opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa, 2008, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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 directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.



STUART EDWARDS & COMPANY

CHARTERED ACCOUNTANTS (SOUTH AFRICA)

Independent Auditor's Report

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 annual financial statements, including the disclosures, and whether the annual 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.

22 July 2019

Stuart Edwards & Company
Chartered Accountants (SA)
Registered Auditor

349 Vause Road
Overport
Durban
4001

Bridge City Management Association (RF) NPC

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Annual Financial Statements for the year ended 28 February 2019

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Bridge City Management Association (RF) NPC for the year ended 28 February 2019.

1. Review of financial results and activities

The 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, 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 association are set out in these annual financial statements.

2. Directors

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

Directors

B D Ive
AE Raubenheimer
MG Gcaba
SD Hlengwa
SM Maphumulo
Y Patel
SO Mthembu
BR Gumede
D Pretorius

Changes

Resigned 18 September 2018

Appointed 18 September 2018

3. 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.

4. Auditors

Stuart Edwards & Company continued in office as auditors for the company for 2019.

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Annual Financial Statements for the year ended 28 February 2019

Statement of Financial Position as at 28 February 2019

Figures in Rand	Notes	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	2	4 001 179	4 711 102
Current Assets			
Trade and other receivables	3	951 031	372 836
Current tax receivable		1 928	-
Cash and cash equivalents	4	3 296 853	3 381 987
		4 249 812	3 754 823
Total Assets		8 250 991	8 465 925
Equity and Liabilities			
Equity			
Reserves		3 316 223	5 616 223
Retained income		4 810 312	532 483
		8 126 535	6 148 706
Liabilities			
Current Liabilities			
Trade and other payables	5	124 456	2 306 796
Current tax payable		-	10 423
		124 456	2 317 219
Total Equity and Liabilities		8 250 991	8 465 925

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Statement of Comprehensive Income

Figures in Rand	Notes	2019	2018
Revenue	6	7 924 041	8 296 007
Other income	7	368 313	-
Operating expenses		(6 247 002)	(5 296 459)
Operating surplus	8	2 045 352	2 999 548
Finance costs		(2 987)	(5 743)
Surplus before taxation		2 042 365	2 993 805
Taxation	9	(64 536)	(63 513)
Surplus for the year		1 977 829	2 930 292
Other comprehensive income		-	-
Total comprehensive income for the year		1 977 829	2 930 292

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Annual Financial Statements for the year ended 28 February 2019

Statement of Changes in Equity

Figures in Rand	Reserve	Retained income	Total equity
Balance at 01 March 2017	2 685 933	532 481	3 218 414
Surplus for the year	-	2 930 292	2 930 292
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	2 930 292	2 930 292
Transfer to reserve	2 930 290	-	2 930 290
Total changes	2 930 290	(2 930 290)	-
Balance at 01 March 2018	5 616 223	532 483	6 148 706
Surplus for the year	-	1 977 829	1 977 829
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	1 977 829	1 977 829
Transfer to retained income from reserve	(2 300 000)	2 300 000	-
Balance at 28 February 2019	3 316 223	4 810 312	8 126 535

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Statement of Cash Flows

Figures in Rand	Notes	2019	2018
Cash flows from operating activities			
Cash (used in) generated from operations	11	(2 305 260)	8 147 682
Finance costs		(2 987)	(5 743)
Tax paid		(76 887)	(135 335)
Net cash from operating activities		(2 385 134)	8 006 604
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(4 702 333)
Cash flows from financing activities			
Transfer to reserve		2 300 000	(2 930 290)
Total cash movement for the year		(85 134)	373 981
Cash at the beginning of the year		3 381 987	3 008 006
Total cash at end of the year	4	3 296 853	3 381 987

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Annual Financial Statements for the year ended 28 February 2019

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 International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa, 2008. 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 Property, plant and equipment

Property, plant and equipment is initially measured at cost.

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

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
IT equipment	Straight line	3 years
Security and surveillance equipment	Straight line	5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

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.

1.3 Revenue

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

1.4 Financial instruments

Financial instruments are recognised on the balance sheet include cash and short term deposits, trade and other receivables and other payables.

1.5 Reserve

The designated reserve component of levies collected during the financial year is identified and taken to a maintenance reserve which is intended to cover renewals and replacements to all common property that may become necessary.

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Annual Financial Statements for the year ended 28 February 2019

Notes to the Annual Financial Statements

Figures in Rand 2019 2018

2. Property, plant and equipment

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
IT equipment	13 719	(9 523)	4 196	13 719	(4 950)	8 769
Security and surveillance equipment	4 702 333	(705 350)	3 996 983	4 702 333	-	4 702 333
Total	4 716 052	(714 873)	4 001 179	4 716 052	(4 950)	4 711 102

Reconciliation of property, plant and equipment - 2019

	Opening balance	Depreciation	Closing balance
IT equipment	8 769	(4 573)	4 196
Security and surveillance equipment	4 702 333	(705 350)	3 996 983
	4 711 102	(709 923)	4 001 179

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Closing balance
IT equipment	13 341	-	(4 572)	8 769
Security and surveillance equipment - work in progress	-	4 702 333	-	4 702 333
	13 341	4 702 333	(4 572)	4 711 102

3. Trade and other receivables

Trade receivables	939 296	372 836
Deposits	11 735	-
	951 031	372 836

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 830	1 830
Bank balances	2 405 364	2 283 082
Short-term deposits	1 889 659	1 897 075
Development guarantees received and refundable	(1 000 000)	(800 000)
	3 296 853	3 381 987

5. Trade and other payables

Accrued expenses: Apps	56 250	-
Accrued capital expenditure	-	2 136 404
Accrued audit fees	22 000	20 500
VAT	46 206	149 892
	124 456	2 306 796

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
6. Revenue		
Levies from members	7 643 554	8 019 174
Interest received	280 487	276 833
	7 924 041	8 296 007
7. Other income		
Recoveries	368 313	-
8. Operating surplus		
Operating surplus for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	168 580	-
Depreciation on property, plant and equipment	709 923	4 572
9. Taxation		
Major components of the tax expense		
Current taxation		
South African normal tax - year	64 536	63 513
10. Auditor's remuneration		
Fees	22 000	20 500
Adjustment for previous year	-	6 200
Tax and secretarial services	4 590	3 960
	26 590	30 660
11. Cash (used in) generated from operations		
Surplus before taxation	2 042 365	2 993 805
Adjustments for:		
Depreciation and amortisation	709 923	4 572
Finance costs	2 987	5 743
Transfer to reserve from retained income	-	2 930 290
Transfer to retained income from reserve	(2 300 000)	-
Other non-cash items	(1)	(3)
Changes in working capital:		
Trade and other receivables	(578 194)	33 503
Trade and other payables	(2 182 340)	2 179 772
	(2 305 260)	8 147 682
12. Directors' remuneration		

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

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Detailed Income Statement

Figures in Rand	Notes	2019	2018
Revenue			
Levies from members		7 643 554	8 019 174
Interest received		280 487	276 833
	6	7 924 041	8 296 007
Other income			
Recoveries		368 313	-
Operating expenses			
Accounts administration fees		43 634	40 780
Administration and management fees		1 441 951	1 425 328
Advertising		6 904	-
App development		122 800	-
Auditors remuneration	10	26 590	30 660
Bank charges		2 447	2 666
Cleaning		21 337	30 738
Computer expenses		38 276	36 769
Consulting fees		-	18 395
Consumables		8 806	24 541
Depreciation, amortisation and impairments		709 923	4 572
Entertainment		1 870	1 439
Insurance		61 050	15 474
Lease rentals on operating lease		168 580	-
Legal expenses		17 020	20 460
Levies		5 920	5 000
Municipal expenses		56 553	-
Printing and stationery		24 267	2 090
Repairs and maintenance		911 645	698 693
Secretarial fees		-	3 934
Security		2 392 341	2 777 571
Telephone and fax		66 804	48 919
Uniforms		2 910	-
Website		115 374	108 432
		6 247 002	5 296 461
Operating profit	8	2 045 352	2 999 546
Finance costs		(2 987)	(5 743)
Surplus before taxation		2 042 365	2 993 803
Taxation	9	(64 536)	(63 513)
Surplus for the year		1 977 829	2 930 290