

Cachet Park CID NPC
(Registration number 2018/506059/08)
Financial statements
for the 16 months ended 29 February 2020

BKD Auditors
Chartered Accountants (S.A.)
Registered Auditors
Issued 22 October 2020

Cachet Park CID NPC

(Registration number: 2018/506059/08)

Financial Statements for the 16 months ended 29 February 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Non-profit company
Directors	JJ Janse van Rensburg CP Henry AF Ayob DM Balia GT Fourie FP van Niekerk PJ Haupt TS Mhlongo
Business address	Shop 10B Cachet Park Shopping Centre Cnr Meyer and Steve Biko Street Potchefstroom North West 2520
Postal address	Shop 10B Cachet Park Shopping Centre Cnr Meyer and Steve Biko Street Potchefstroom North West 2520
Bankers	Nedbank
Auditors	BKD Auditors Chartered Accountants (S.A.) Registered Auditors
Company registration number	2018/506059/08
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Cachet Park CID NPC

(Registration number: 2018/506059/08)

Financial Statements for the 16 months ended 29 February 2020

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Level of assurance

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

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Financial Statements for the 16 months ended 29 February 2020

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 16 months 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 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 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 period to 28 February 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 page 5.

The financial statements set out on pages 7-16, which have been prepared on the going concern basis, were approved on 20 October 2020 for submission to the board of directors on 22 October 2020, and were signed by:

JJ Janse van Rensburg

The Board of Directors approved the external auditor's report on 22 October 2020.

DM Balia

Cachet Park CID NPC

(Registration number: 2018/506059/08)

Financial Statements for the 16 months ended 29 February 2020

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Cachet Park CID NPC for the 16 months ended 29 February 2020.

1. Nature of business

Cachet Park CID NPC was incorporated in South Africa with interests in the city improvement industry. The company operates in South Africa.

2. 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.

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

3. Directors

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

Directors

JJ Janse van Rensburg	Appointed 20 September 2018
CP Henry	Appointed 20 September 2018
AF Ayob	Appointed 14 December 2018
DM Balia	Appointed 14 December 2018
GT Fourie	Appointed 1 September 2020
FP van Niekerk	Appointed 1 September 2020
PJ Haupt	Appointed 1 September 2020
TS Mhlongo	Appointed 1 September 2020
KM Maneli	Resigned 1 October 2020
HE De la Harpe	Resigned 17 May 2020

4. Events after the reporting period

The COVID-19 virus outbreak was declared a global health emergency on 30 January 2020 and as a global pandemic on 11 March 2020. On 15 March 2020 the South African Government declared a State of Emergency. This ongoing global pandemic and subsequent global and local economic lockdowns are affecting all major economic and financial markets. Virtually all industries are facing challenges associated with the economic conditions resulting from efforts to address it. As the pandemic ensues globally and locally, all entities are experiencing a cross-functional impact on their business relating to financial reporting, operational concerns and supply chain management. The continuation of these circumstances could result in an even broader economic downturn that could have a negative impact on the financial results of the organization.

An estimate of the financial effect of this event cannot be made at this stage. Information around the effect mentioned changes daily and users of the financial statements are advised to use the latest information available when interpreting these financial statements. However, the directors are of the opinion, that as at the signature date of the financial statements, no impairment provisions are required to write down the value of assets due to the impact of the event.

The directors are also not aware of any other undisclosed, actual or contingent, liabilities that existed at the reporting date due to this event.

5. 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. For the impact of the COVID 19 virus, please refer to note 3. The director is not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

6. Auditors

BKD Auditors was appointed as auditors for the company for 2020.

Independent Auditor's Report

To the members of Cachet Park CID NPC

Opinion

We have audited the financial statements of Cachet Park CID NPC (the company) set out on pages 7-16, which comprise the statement of financial position as at 29 February 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the 16 months 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 Cachet Park CID NPC as at 29 February 2020, and its financial performance and cash flows for the 16 months 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 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 opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Cachet Park CID NPC financial statements for the 16 months ended 29 February 2020", which 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.

Independent Auditor's Report

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.

BKD Auditors
Chartered Accountants (S.A.)
Registered Auditors

22 October 2020

Cachet Park CID NPC

(Registration number: 2018/506059/08)

Financial Statements for the 16 months ended 29 February 2020

Statement of Financial Position as at 29 February 2020

Figures in Rand	Note(s)	29 February 2020
Assets		
Non-Current Assets		
Property, plant and equipment	2	<u>1,979,475</u>
Current Assets		
Trade and other receivables	3	268,059
Cash and cash equivalents	4	67,656
		<u>335,715</u>
Total Assets		<u>2,315,190</u>
Equity and Liabilities		
Equity		
Accumulated surplus/deficit		<u>(2,263,882)</u>
Liabilities		
Non-Current Liabilities		
Other financial liabilities	6	<u>3,999,100</u>
Current Liabilities		
Trade and other payables	5	<u>579,972</u>
Total Liabilities		<u>4,579,072</u>
Total Equity and Liabilities		<u>2,315,190</u>

Cachet Park CID NPC

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Statement of Surplus and Deficit

Figures in Rand	Note(s)	16 months ended 29 February 2020
Revenue	7	3,930,719
Direct costs	8	(4,347,415)
Gross loss		(416,696)
Other income	9	223,050
Operating expenses		(2,065,689)
Operating deficit		(2,259,335)
Finance costs		(4,547)
Deficit for the 16 months		(2,263,882)
Other comprehensive income		-
Total deficit for the 16 months		(2,263,882)

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Financial Statements for the 16 months ended 29 February 2020

Statement of Changes in Equity

Figures in Rand	Accumulated surplus/deficit	Total equity
Deficit for the 16 months	(2,263,882)	(2,263,882)
Other comprehensive income	-	-
Total deficit for the 16 months	(2,263,882)	(2,263,882)
Balance at 29 February 2020	(2,263,882)	(2,263,882)

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Financial Statements for the 16 months ended 29 February 2020

Statement of Cash Flows

Figures in Rand	Note(s)	16 months ended 29 February 2020
Cash flows from operating activities		
Cash receipts from customers		4,013,264
Cash paid to suppliers and employees		(5,892,820)
Cash used in operations		(1,879,556)
Finance costs		(4,547)
Net cash from operating activities		(1,884,103)
Cash flows from investing activities		
Purchase of property, plant and equipment	2	(2,047,343)
Cash flows from financing activities		
Proceeds from other financial liabilities		3,999,100
Net cash from financing activities		3,999,100
Total cash movement for the 16 months		67,654
Total cash at end of the 16 months	4	67,654

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Financial Statements for the 16 months ended 29 February 2020

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

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 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 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

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
Furniture and fixtures	Straight line	6
Office equipment	Straight line	5
IT equipment	Straight line	3
Security cameras	Straight line	7

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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 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.

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Financial Statements for the 16 months ended 29 February 2020

Accounting Policies

1.2 Financial instruments (continued)

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.

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 profit and loss.

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.

1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.4 Revenue

Membership is voluntary, and could be cancelled at any time, therefore membership fees are recognised when the money is received in the bank account.

Donations are recognised when the money received.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The Stage of completion is determined by surveys of work performed. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest is recognised, in profit or loss, 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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Financial Statements for the 16 months ended 29 February 2020

Notes to the Financial Statements

16 months
ended
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2020

Figures in Rand

2. Property, plant and equipment

	2020		Carrying value
	Cost or revaluation	Accumulated depreciation	
Security cameras	1,993,849	(52,853)	1,940,996
Furniture and fixtures	12,900	(2,329)	10,571
Office equipment	2,083	(451)	1,632
IT equipment	38,510	(12,234)	26,276
Total	2,047,342	(67,867)	1,979,475

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Security cameras	-	1,993,849	(52,853)	1,940,996
Furniture and fixtures	-	12,900	(2,329)	10,571
Office equipment	-	2,083	(451)	1,632
IT equipment	-	38,511	(12,235)	26,276
	-	2,047,343	(67,868)	1,979,475

3. Trade and other receivables

VAT 268,059

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances 17,656
Short-term deposits 50,000
67,656

5. Trade and other payables

Trade payables 541,992
Payroll accrual 37,980
579,972

Cachet Park CID NPC

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Financial Statements for the 16 months ended 29 February 2020

Notes to the Financial Statements

	16 months ended 29 February 2020
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Figures in Rand	
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6. Other financial liabilities	
At amortised cost	
JJ Janse van Rensburg This loan is unsecured, interest free and the first instalment is due during the 2022 financial year.	750,000
North-West University This loan is unsecured, interest free and the first instalment is due during the 2022 financial year.	3,036,060
Community loans This consists of loans granted by members of the community for the installation of security cameras in certain areas. These loans are unsecured, interest free and become payable during the 2022 financial year.	213,040
	<hr/> 3,999,100 <hr/>
Non-current liabilities	
At amortised cost	<hr/> 3,999,100 <hr/>
7. Revenue	
Membership fees	<hr/> 3,930,719 <hr/>
<p>The financial statements have been compiled for a period of 16 months, however, the first membership fees were paid in March 2019, therefore, the membership fees reflected are for a 12 month period.</p>	
8. Direct costs	
Area maintenance services	365,749
Refuse removal and recycling	759,297
Security services	2,726,451
Street cleaning and grass cutting services	495,918
	<hr/> 4,347,415 <hr/>
9. Other income	
Rendering of services	174,458
Donations	48,592
	<hr/> 223,050 <hr/>
10. Related parties	
Relationships	
Members of key management	JJ Janse van Rensburg
Related party balances and transactions with key management personnel of the company	
Related party balances	
Loan accounts - Owing to related parties	
JJ Janse van Rensburg	(750,000)

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Financial Statements for the 16 months ended 29 February 2020

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16 months
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Figures in Rand

11. Compensation paid to key management

Director & Chief financial officer

2020

	Emoluments	Total
JJ Janse van Rensburg	630,900	630,900

Chief operating officer

2020

	Emoluments	Total
GJ Van Zyl	490,000	490,000

Cachet Park CID NPC

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Financial Statements for the 16 months ended 29 February 2020

Detailed Income Statement

Figures in Rand	Note(s)	16 months ended 29 February 2020
Revenue		
Membership fees		3,930,719
Direct costs	8	(4,347,415)
Gross loss		(416,696)
Other income		
Rendering of services		174,458
Donations		48,592
		223,050
Operating expenses		
Accounting fees		(7,970)
Advertising		(25,109)
Bank charges		(3,524)
Cleaning		(5,216)
Computer expenses		(15,477)
Consulting and professional fees		(137,177)
Depreciation, amortisation and impairments		(67,868)
Employee costs		(1,528,318)
Entertainment		(12,830)
General expenses		(7,365)
Lease rentals on operating lease		(133,136)
Office equipment		(22,304)
Printing and stationery		(33,203)
Repairs and maintenance - Offices		(62,341)
Telephone and fax		(836)
Travel - Hatfield CID		(3,015)
		(2,065,689)
Operating deficit		(2,259,335)
Finance costs		(4,547)
Deficit for the 16 months		(2,263,882)