# The Coves Governing Body NPC

**(Registration Number 2003/010909/08)**

**Annual Financial Statements**

**for the year ended 30 June 2020**

**Audited Financial Statements**

in compliance with Companies Act 71 of 2008

Prepared by: C Barnard

Reviewed by: G F C Loots CA (SA)

# The Coves Governing Body NPC

(Registration Number 2003/010909/08)

Annual Financial Statements for the year ended 30 June 2020

## Index


| | |
|---|---|
| General Information | 2 |
| Independent Auditor's Report | 3 - 4 |
| Directors' Responsibilities and Approval | 5 |
| Directors' Report | 6 |
| Statement of Financial Position | 7 |
| Statement of Comprehensive Income | 8 |
| Statement of Changes in Equity | 9 |
| Statement of Cash Flows | 10 |
| Accounting Policies | 11 - 12 |
| Notes to the Financial Statements | 13 – 18 |

The supplementary information presented does not form part of the annual financial statements and is unaudited :

| | |
|---|---|
| Detailed Income Statement | 19 - 20 |

# The Coves Governing Body NPC

(Registration Number 2003/010909/08)

Annual Financial Statements for the year ended 30 June 2020

## General Information

| | |
|---|---|
| **Country of Incorporation and Domicile** | South Africa |
| **Registration Number** | 2003/010909/08 |
| **Nature of Business and objectives** | To co-ordinate the communal interest of its members and the managerial functions and activities of the Association. |
| **Directors** | J Barnard<br>G Esterhuizen<br>MH Fikkert<br>EL Flatau – Resigned 9 November 2019<br>JP Fourie – Chairperson<br>TS Hutton – Vice - Chairperson<br>DL Keeling<br>M Masemola<br>AD McGregor<br>KP Pettey<br>N Tshabalala – Resigned 9 November 2019<br>A Shannon – Appointed 9 November 2019 |
| **Registered Office** | The Coves Estate<br>R512 Provincial road<br>Broederstroom<br>0240 |
| **Postal Address** | P O Box 973<br>Broederstroom<br>0240 |
| **Bankers** | Standard Bank of South Africa |
| **Taxation Number** | 9269511151 |

97 Ludorfstraat
Brits, 0250
gklaudit@gkl.co.za
(012) 252-3217
(012) 252-0652
176 BRITS 0250

Geregistreerde Ouditeure GO (SA)

GKL
OUDITEURE / AUDITORS
(Sedert / Since 1949)
Praktyk No / Practice Nr 902411

Geregistreerde Belastingpraktisyns
Registered Tax Practitioners
Rekeningkundige Dienste
Accounting Services
Boedelbeplanning en -Bereddering
Estate planning and Administration
Ouditering / Auditing

Registered Auditors RA (SA)

## Independent Auditor's Report

**To the Members of The Coves Governing Body NPC**

### Opinion

We have audited the financial statements of The Coves Governing Body NPC set out on pages 7 to 18, which comprise the statement of financial position as at 30 June 2020, and the statement of comprehensive income, the statement of changes in equity and the 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 the non-profit company as at 30 June 2020, 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 71 of 2008.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 non-profit 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 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.

### 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 the 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 non-profit 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 non-profit company or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

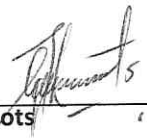
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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 ISAs, 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 non-profit 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 non-profit 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 non-profit 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.

**GKL Auditors**

**14 October 2020**



**Per : GFC Loots**
**Partner**
**Chartered Accountant (SA)**

**97 Ludorf Street**
**Brits**
**0250**

# The Coves Governing Body NPC

(Registration Number 2003/010909/08)

Annual Financial Statements for the year ended 30 June 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 annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards form and content and present fairly the statement of financial position, results of operations and business of the Non-Profit Company, and explain the transactions and financial position of the business of the Non-Profit Company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the Non-Profit Company 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 Non-Profit 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 Non-Profit Company and all employees are required to maintain the highest ethical standards in ensuring the Non-Profit Company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Non-Profit Company is on identifying, assessing, managing and monitoring all known forms of risk across the Non-Profit Company. While operating risk cannot be fully eliminated, the Non-Profit 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 and the external auditors, 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the Non-Profit Company will not be a going concern in the foreseeable future. The financial statements support the viability of the Non-Profit Company.

The annual financial statements have been audited by the independent auditing firm, GKL Auditors, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the members, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's unqualified audit report is presented on pages 3 to 4.

The annual financial statements set out on pages 7 to 18 were approved by the directors on 14 October 2020 and were signed on their behalf by:

Director

Director

# The Coves Governing Body NPC

(Registration Number 2003/010909/08)

Annual Financial Statements for the year ended 30 June 2020

## Directors' Report

The directors present their report for the year ended 30 June 2020.

1. **Review of objectives, financial results and activities Main business and objectives**

The principal activity of the Non-Profit Company is to co-ordinate the communal interest of its members and the managerial functions and activities of the Association. There were no major changes herein during the year.

The operating results and statement of financial position of the Non-Profit Company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. **Going concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The President declared a National State of Disaster due to the COVID-19 pandemic and placed South Africa in a National Lock-down as of 27 March 2020, in order to combat the spread of COVID-19. At the date of this report there are still some restrictions in place and the adverse effect of COVID-19 on the economy is still being experienced.

The directors believe, at the date of this report, that the Association has access to adequate financial resources to meet its foreseeable cash requirements including possible prolonged periods of debtor recoveries due to COVID-19.

3. **Events after reporting date**

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

The WHO declared COVID-19 a pandemic before the Associations' financial year-end with the National State of Disaster for South Africa following soon thereafter. As such the impact of COVID-19 has been treated as an adjusting subsequent event. While every effort has been made to quantify the future impact that the virus will have on the Association, the situation remains fluid and uncertain.

4. **Directors**

The directors of the Non-Profit Company during the year and up to the date of this report are as follows:

J Barnard
G Esterhuizen
MH Fikkert
EL Flatau – Resigned 9 November 2019
JP Fourie – Chairperson
TS Hutton – Vice - Chairperson
DL Keeling
M Masemola
AD McGregor
KP Pettey
N Tshabalala – Resigned 9 November 2019
A Shannon – Appointed 9 November 2019

5. **Independent Auditors**

GKL Auditors were the independent auditors for the year under review and will continue in terms of the Companies Act.

# The Coves Governing Body NPC

(Registration Number 2003/010909/08)

Financial Statements for the year ended 30 June 2020

## Statement of Financial Position

| Figures in R | Notes | 2020 | 2019 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Plant, equipment and improvements | 3 | 6,876,200 | 6,321,355 |
| Fixed property | 7 | 1 | 1 |
| **Total non-current assets** | | **6,876,201** | **6,321,356** |
| **Current assets** | | | |
| Inventories | 4 | 29,405 | 66,619 |
| Trade and other receivables | 5 | 1,369,229 | 720,475 |
| Cash and cash equivalents | 8 | 9,221,351 | 7,839,085 |
| **Total current assets** | | **10,619,985** | **8,626,179** |
| **Total assets** | | **17,496,186** | **14,947,535** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Accumulated surplus | | 11,142,881 | 9,386,765 |
| Reserve fund | | 3,332,539 | 2,075,539 |
| **Total equity** | | **14,475,420** | **11,462,304** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 9 | 2,505,039 | 3,192,136 |
| Taxation | 6 | 515,729 | 293,095 |
| **Total current liabilities** | | **3,020,768** | **3,485,231** |
| **Total liabilities** | | **3,020,768** | **3,485,231** |
| **Total equity and liabilities** | | **17,496,186** | **14,947,535** |

# The Coves Governing Body NPC

(Registration Number 2003/010909/08)

Financial Statements for the year ended 30 June 2020

## Statement of Comprehensive Income

| Figures in R | Note | 2020 | 2019 |
|---|---|---|---|
| Levy income | | 14,832,600 | 13,020,070 |
| Other income | | 2,516,357 | 2,447,911 |
| Operating expenses | | (15,880,103) | (14,779,725) |
| **Surplus from operating activities** | | **1,468,854** | **688,256** |
| Finance income | | 509,894 | 417,306 |
| **Surplus before taxation** | | **1,978,748** | **1,105,562** |
| Income taxation expense | 10 | (222,632) | (164,349) |
| **Surplus for the year** | | **1,756,116** | **941,213** |
| **Other comprehensive income net of taxation** | | | |
| **Components of other comprehensive income** | | | |
| Reserve fund levy | | 1,257,000 | 1,005,600 |
| **Total other comprehensive income** | | **1,257,000** | **1,005,600** |
| **Total other comprehensive income net of taxation** | | **1,257,000** | **1,005,600** |
| **Total comprehensive income** | | **3,013,116** | **1,946,813** |

# The Coves Governing Body NPC

(Registration Number 2003/010909/08)

Financial Statements for the year ended 30 June 2020

## Statement of Changes in Equity

| Figures in R | Reserve fund | Accumulated surplus | Total |
|---|---|---|---|
| **Balance at 1 July 2018** | 1,069,939 | 8,445,552 | 9,515,491 |
| **Changes in equity** | | | |
| Surplus for the year | - | 941,213 | 941,213 |
| Other comprehensive income | 1,005,600 | - | 1,005,600 |
| Total comprehensive income | 1,005,600 | 941,213 | 1,946,813 |
| **Balance at 30 June 2019** | **2,075,539** | **9,386,765** | **11,462,304** |
| **Balance at 1 July 2019** | 2,075,539 | 9,386,765 | 11,462,304 |
| **Changes in equity** | | | |
| Surplus for the year | - | 1,756,116 | 1,756,116 |
| Other comprehensive income | 1,257,000 | - | 1,257,000 |
| Total comprehensive income | 1,257,000 | 1 756 116 | 3,013,116 |
| **Balance at 30 June 2020** | **3,332,539** | **11 142 881** | **14,475,420** |

# The Coves Governing Body NPC

(Registration Number 2003/010909/08)

Financial Statements for the year ended 30 June 2020

## Statement of Cash Flows

| Figures in R | Notes | 2020 | 2019 |
|---|---|---|---|
| **Cash flows from operations** | | | |
| **Surplus for the year** | | **1,756,116** | **941,213** |
| **Adjustments for :** | | | |
| Taxation expense | | 222,632 | 164,349 |
| Finance income | | (509,894) | (417,306) |
| Decrease in inventories | | 37,214 | 12,491 |
| (Increase) in trade accounts receivable | | (648,754) | (226,034) |
| (Decrease) in trade and other payables | | (649,757) | 1,031,309 |
| Depreciation | | 1,267,006 | 838,606 |
| Other comprehensive income | | 1,257,000 | 1,005,600 |
| **Total adjustments to reconcile surplus** | | **2,731,563** | **2,409,015** |
| **Net cash flows from operations** | | **2,694,223** | **3,350,228** |
| Interest received | | 509,894 | 417,306 |
| Taxation paid | | - | - |
| **Net cash flows from operating activities** | | **3,204,117** | **3,767,534** |
| **Cash flows used in investing activities** | | | |
| Purchase of plant, equipment and improvements | **3** | (1,821,851) | (2,111,420) |
| **Cash flows used in investing activities** | | **(1,821,851)** | **(2,111,420)** |
| **Net increase in cash and cash equivalents** | | **1,382,266** | **1,656,113** |
| Cash and cash equivalents at beginning of the year | | 7,839,085 | 6,182,972 |
| **Cash and cash equivalents at end of the year** | **8** | **9,221,351** | **7,839,085** |

## Accounting Policies

### 1. General information

The Coves Governing Body NPC is a Non-Profit Company. The principal activities are to co-ordinate the communal interest of its members and the managerial functions and activities of the Association.

The Non-Profit Company is incorporated as a Non-Profit Company and domiciled in South Africa. The address of it's registered office is The Coves Estate, R512 Provincial Road, Broederstroom, 0240.

### 2. Basis of preparation and summary of significant accounting policies

The financial statements of The Coves Governing Body NPC have been prepared 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 under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, biological assets and derivative financial instruments at fair value. They are presented in South African Rand.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the non-profit company's accounting policies.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 2.1 Property, plant and equipment

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains / losses in the statement of comprehensive income.

| | |
|---|---|
| Buildings and improvements | 5 % |
| Tractors | 10 % |
| Motorised equipment and Motor vehicles | 20 % |
| Furniture and equipment | 10 % |
| Security | 33 % |
| Office equipment | 16.67% |
| Computer equipment | 33 % |
| Water purification system | 8 % |
| Sewerage plant and pumps | 25 % |
| Fences | 5 % |
| Equipment | 16.67% - 20% |
| Security projects | 10 % |

## Accounting Policies

### 2.2 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises packaging costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

### 2.3 Taxation

The taxation expense for the period comprises current tax. Taxation is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income taxation charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the entity operates and generates taxable income.

### 2.4 Provisions

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 passage of time is recognised as interest expense.

### 2.5 Revenue

Levies are measured at the fair value of the amounts received or receivable.

### 2.6 Interest

Interest income is recognised using the effective interest method.

### 2.7 Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at cost less provisions for impairment losses for bad debt and doubtful debts,if any.

### 2.8 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments.

## 3. Plant, equipment, and improvements

### 3.1 Balances at year end and movements for the year

| | Buildings and improvements | Fences | Tractors | Motorised equipment and Motor vehicles | Furniture and equipment | Office equipment | Computer equipment | Workshop equipment | Security | Water purification system | Sewerage plant and pumps | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance at 30 June 2019** | | | | | | | | | | | | |
| At cost | 631,806 | 171,315 | 473,988 | 655,298 | 605,990 | 73,613 | 128,960 | 80,740 | 5,613,018 | 2,192,052 | 1,618,985 | **12,245,763** |
| Accumulated depreciation | (31,739) | (30,355) | (397,567) | (483,099) | (364,213) | (51,202) | (108,899) | (38,315) | (3,015,424) | (1,224,670) | (178,925) | **(5,924,408)** |
| **Net book value at 30 June 2019** | **600,067** | **140,960** | **76,421** | **172,199** | **241,777** | **22,411** | **20,061** | **42,425** | **2,597,594** | **967,382** | **1,440,060** | **6,321,355** |
| **Movements for the year ended 30 June 2020** | | | | | | | | | | | | |
| Additions | 18,127 | - | - | 511,360 | 943,415 | - | - | - | 47,479 | 69,605 | 231,862 | **1,821,851** |
| Depreciation | (31,788) | (8,565) | (26,200) | (114,940) | (149,941) | (6,503) | (11,386) | (9,822) | (426,077) | (182,544) | (299,240) | **(1,267,006)** |
| **Plant, equipment and improvements at end of year** | **586,406** | **132,395** | **50,221** | **568,619** | **1,085,252** | **15,908** | **8,675** | **32,603** | **2,218,996** | **854,443** | **1,372,682** | **6,876,200** |
| **Closing balance at 30 June 2020** | | | | | | | | | | | | |
| At cost | 649,933 | 171,315 | 473,988 | 1,166,658 | 1,549,405 | 73,613 | 128,960 | 80,740 | 5,660,497 | 2,261,658 | 1,850,847 | **14,067,614** |
| Accumulated depreciation | (63,527) | (38,920) | (423,767) | (598,039) | (514,157) | (57,705) | (120,285) | (48,137) | (3,441,501) | (1,407,212) | (478,165) | **(7,191,414)** |
| **Net book value at 30 June 2020** | **586,406** | **132,395** | **50,221** | **568,619** | **1,035,248** | **15,908** | **8,675** | **32,603** | **2,218,996** | **854,446** | **1,372,682** | **6,876,200** |

## Notes to the Financial Statements

| Figures in R | 2020 | 2019 |
|---|---|---|
| **4. Inventories** | | |
| Consumables on hand | 29,405 | 66,619 |
| **5. Trade and other receivables** | | |
| Outstanding levies | 2,128,417 | 1,481,105 |
| Other receivables | 32,507 | 58,670 |
| Levies billed in advance | (1,330,725) | (1,390,102) |
| Water levies receivable | 130,782 | 167,013 |
| Madibeng rates and taxes | 47,218 | 42,759 |
| VAT receivable | 361,030 | 361,030 |
| **Total receivables** | **1,369,229** | **720,475** |
| **6. Tax liabilities** | | |
| Net tax liability from all items being set off | (505,317) | (293,095) |
| **Total tax liability per the statement of financial position** | **(505,317)** | **(293,095)** |
| **7. Fixed property** | | |
| Fixed Property | 1 | 1 |

Fixed property comprises of communal property transferred by the developer to the Association and consists of the following Erven : 1 ,107 , 172 ,174 , 184 , 211 , 212 ,245 , 246 , 247 , 248 , 249 , 250 , 251 ,252 , 253 , 254, 255, 256 , 257 , 258 , 259 ,260,portion 1 of 170 and portion 16 of 170 The Coves Township, Registration Division J.Q. , North West Province. Erven : 34 , 35 and 36 Heron Cove Township, Registration Division J.Q. , North West Province.

| | | |
|---|---|---|
| **8. Cash and cash equivalents** | | |
| Standard Bank Cheque account | 465,677 | 354,154 |
| Standard Bank Building Deposits | 748,230 | 703,682 |
| Standard Bank Call Deposit | 7,704,381 | 6,497,112 |
| Money Market Account | 300,814 | 283,895 |
| Cash on hand | 2,249 | 242 |
| **Total cash and cash equivalents** | **9,221,351** | **7,839,085** |

## Notes to the Financial Statements

| Figures in R | 2020 | 2019 |
|---|---|---|
| **9. Trade and other payables** | | |
| Accruals | 484,577 | 609,953 |
| Insurance claims | 80,289 | - |
| Provisions | 468,713 | 437,808 |
| Municipal Services | 300,076 | 273,615 |
| Audit fees | 45,820 | 54,500 |
| Building deposits | 748,230 | 703,682 |
| Prepaid levies | 205,804 | 140,227 |
| Resale clearance balances | 55,936 | 59,482 |
| Rental deposits | 6,042 | 6,042 |
| Social Club | 21,079 | 21,079 |
| Cycle Club | 8,476 | 8,476 |
| Conservation fund | 5,792 | 5,792 |
| Aero Club | 67,740 | 35,545 |
| Covid-19 support fund | 6,465 | - |
| Completion of sewerage plant upgrade | - | 835,935 |
| **Total trade and other payables** | **2,505,039** | **3,192,136** |
| **10. Taxation** | | |
| **10.1 Income taxation expense** | | |
| Current taxation | (222,632) | (164,349) |
| **Income taxation for the year** | **(222,632)** | **(164,349)** |
| **10.2 Tax calculation** | | |
| Non-levy income | 848,610 | 651,255 |
| Less : Exempt portion (Sec 10(1)(e)) | (50,000) | (50,000) |
| Apportionment of allowable deductions | (3,492) | (14,294) |
| **Taxable Non-levy income** | 795,118 | 586,961 |
| **Taxation @ 28%** | **222,633** | **164,349** |

**11. Contingent liabilities**

The VAT provision raised was objected against and further correspondence is still to be received from SARS regarding this matter.

## Notes to the Financial Statements

| Figures in R | 2020 | 2019 |
|---|---|---|

### 12. Surplus before tax

### 12.1 Other income

| | | |
|---|---|---|
| Agent registration fees | 1,000 | 5,000 |
| Boat registration fees | 100 | 200 |
| Canoe racks | 14,080 | 10,500 |
| Clearance certificate fees | 14,325 | 13,350 |
| Fines | 46,750 | 28,059 |
| Net classified sales | 450 | - |
| Non-completion building levy | 60,000 | - |
| Sundry income | 2,706 | 7,354 |
| Rental and utilities income | 237,596 | 199,558 |
| Unclaimed levy receipts | 10,367 | 9,940 |
| Unclaimed resale balances | 26,973 | 6,294 |
| Water meter fees | 1,599 | 4,901 |
| | 415,946 | 285,156 |

### 12.2 Interest received

| | | |
|---|---|---|
| Bank | 375,572 | 318,076 |
| Members | 134,322 | 99,230 |
| | 509,894 | 417,306 |

### 12.3 Auditors' remuneration

| | | |
|---|---|---|
| Fee for audit | 49,175 | 48,500 |
| | 49,175 | 48,500 |

### 12.4 Depreciation

| | | |
|---|---|---|
| Buildings and improvements | 31,788 | 12,466 |
| Tractors | 26,200 | 27,244 |
| Motor vehicles | 114,940 | 10,702 |
| Furniture and equipment | 143,759 | 53,081 |
| Security | 426,077 | 413,256 |
| Office equipment | 6,503 | 7,389 |
| Computer equipment | 11,386 | 15,010 |
| Workshop equipment | 9,822 | 15,470 |
| Water purification system | 188,726 | 175,156 |
| Sewerage plant and pumps | 299,240 | 100,266 |
| Fences | 8,565 | 8,566 |
| | 1,267,006 | 838,606 |

## Notes to the Financial Statements

| Figures in R | 2020 | 2019 |
|---|---|---|
| **12.5 Estate repairs and maintenance** | | |
| Aviation and runway | 15,018 | 55,600 |
| Buildings and facilities | 122,616 | 158,890 |
| Cleaning materials and consumables | 33,289 | 36,230 |
| Clubhouse equipment maintenance | 18,058 | 45,278 |
| Compost site | 7,246 | - |
| Electrical | 68,069 | 90,268 |
| Fire equipment | 19,236 | 20,571 |
| Generator fuel and repairs | 105,435 | 31,409 |
| Internal dams | 4,145 | 113,764 |
| Roads | 27,057 | 207,884 |
| Plumbing | 18,138 | 7,834 |
| Shoreline cleaning | 61,116 | 19,811 |
| Signage | 11,030 | 9,085 |
| Toilet hire | 33,539 | 44,533 |
| Tools | 23,126 | 63,608 |
| | 567,118 | 904,765 |
| **12.6 Security** | | |
| Access control | 229,520 | 235,430 |
| Access screening | 28,244 | 22,751 |
| Motor vehicle - fuel and oil | 34,895 | 32,097 |
| Security guards | 2,912,260 | 2,587,365 |
| Security maintenance | 112,936 | 155,626 |
| Service level agreement | 198,718 | 176,739 |
| | 3,516,573 | 3,210,008 |
| **12.7 Property expense services** | | |
| Electricity | 1,405,896 | 1,263,357 |
| Mini subs services and electrical reticulation | 105,367 | 35,966 |
| Rates | 60,628 | 17,955 |
| Recycling cost | 113,711 | 104,788 |
| Refuse removal | 249,339 | 312,776 |
| Sewerage, water and waste disposal | 484,979 | 360,889 |
| SLA water and sewerage | 561,108 | 524,400 |
| Department Water and Sanitation | 36,640 | 34,240 |
| | 3,017,668 | 2,654,371 |
| **13 Reserve fund levy** | | |
| **Opening balance of reserve fund** | 2,075,539 | 1,069,939 |
| Reserve levies billed | 1,257,000 | 1,005,600 |
| **Balance reserve fund levy** | 3,332,539 | 2,075,539 |

## Notes to the Financial Statements

| Figures in R | 2020 | 2019 |
|---|---|---|

### 14 Related parties

**Relationship**

Director : G Esterhuizen

**Related party transaction**

G Esterhuizen

| | | |
|---|---|---|
| Services rendered to the Association on common property paid to related party. | - | 48,500 |

### 15 Commitments

Due to the COVID-19 pandemic several operational and capital projects were deferred to the 2021 financial year. Due consideration will be applied before these projects will re-commence.

Special projects of R597 879 and capital projects of R2 493 258 were deferred to the forthcoming financial year.

# The Coves Governing Body NPC

(Registration Number 2003/010909/08)

Annual Financial Statements for the year ended 30 June 2020

## Detailed Income Statement

| Figures in R | Notes | 2020 | 2019 |
|---|---|---|---|
| **Income** | | | |
| Levies | | 14,832,600 | 13,020,070 |
| | | **14,832,600** | **13,020,070** |
| **Other income** | | | |
| Farming proceeds | | 109,440 | 64,108 |
| Garden services - Body Corporate | | - | 67,007 |
| Interest received | 12.2 | 509,894 | 417,306 |
| Other income | 12.1 | 415,946 | 285,156 |
| Water Levies | | 1,990,971 | 2,031,640 |
| **Total other income** | | **3,026,251** | **2,865,217** |
| | | **17,858,851** | **15,885,287** |
| **Less : Expenses (Page 19)** | | **(14,613,097)** | **(13,941,119)** |
| **Surplus before depreciation and taxation** | | **3,245,754** | **1,944,168** |
| Depreciation | 12.4 | (1,267,006) | (838,606) |
| Taxation | 10 | (222,632) | (164,349) |
| **Surplus before reserve levies** | | **1,756,116** | **941,213** |
| Reserve fund levies - Income | | 1,257,000 | 1,005,600 |
| **Surplus for the year** | | **3,013,116** | **1,946,813** |

# The Coves Governing Body NPC

(Registration Number 2003/010909/08)

Annual Financial Statements for the year ended 30 June 2020

## Detailed Income Statement

| Figures in R | Notes | 2020 | 2019 |
|---|---|---|---|
| **Expenditure** | | | |
| Accounting fees | | (334,095) | (319,751) |
| Accounting Fees - Water levies | | (55,350) | (54,004) |
| Aesthetic fees | | (69,000) | (29,001) |
| Auditors remuneration - fees | 12.3 | (49,175) | (48,500) |
| Bank charges | | (34,584) | (32,283) |
| Community support | | (2,740) | (26,298) |
| Consulting fees | | (106,444) | (142,541) |
| Employee costs | | (4,755,451) | (4,645,398) |
| Estate repairs and maintenance | 12.5 | (567,118) | (904,765) |
| Farming expenses | | (14,130) | (14,231) |
| Functions and communication | | (49,977) | (47,271) |
| Garden services - Body Corporate | | - | (67,007) |
| Insurance | | (393,672) | (312,105) |
| Internet and telephones | | (171,129) | (170,294) |
| Landscaping, gardening , pool and fertilizer | | (380,437) | (447,376) |
| Legal fees | | (71,855) | (106,461) |
| Motor vehicle expenses | | (340,811) | (272,060) |
| Office consumables | | (43,375) | (47,599) |
| Operational Projects | | (529,852) | (292,529) |
| Printing and stationery | | (22,876) | (48,814) |
| Property expense services | 12.7 | (3,017,668) | (2,654,371) |
| Recruitment fees | | - | (5,433) |
| Secretarial fees | | (5,550) | (5,215) |
| Security | 12.6 | (3,516,573) | (3,210,008) |
| Subscriptions | | (18,327) | (18,615) |
| Technology and computer expenses | | (62,908) | (19,189) |
| | | **(14,613,097)** | **(13,941,119)** |