

**MELVILLE SECURITY INITIATIVE NPC  
(REGISTRATION NUMBER 2005/039617/08)  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 28 FEBRUARY 2017**

**MELVILLE SECURITY INITIATIVE NPC  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**

**GENERAL INFORMATION**

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<b>COUNTRY OF INCORPORATION AND DOMICILE</b>	South Africa
<b>NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES</b>	To provide security to residents in all aspects including all administration and related activities
<b>DIRECTORS</b>	A.J.H. Pitman E.C. Van Gils O.C. Carey
<b>REGISTERED OFFICE</b>	321 Charles Street Brooklyn Pretoria Gauteng 0081
<b>BUSINESS ADDRESS</b>	321 Charles Street Brooklyn Pretoria Gauteng 0081
<b>POSTAL ADDRESS</b>	P.O. Box 1566 Brooklyn Square Pretoria Gauteng 0075
<b>BANKERS</b>	First National Bank Limited
<b>AUDITOR'S</b>	JCB (Jhb) Incorporated Chartered Accountants (S.A.) Registered Auditors
<b>COMPANY REGISTRATION NUMBER</b>	2005/039617/08
<b>TAX REFERENCE NUMBER</b>	9478/736/15/1
<b>LEVEL OF ASSURANCE</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
<b>PREPARER</b>	The annual financial statements were independently compiled by: G.J. Botha
<b>ISSUED</b>	15 August 2018

**MELVILLE SECURITY INITIATIVE NPC**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**

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The reports and statements set out below comprise the annual financial statements presented to the shareholders:

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**MELVILLE SECURITY INITIATIVE NPC  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**

**DIRECTORS' RESPONSIBILITIES AND APPROVAL**

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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 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 auditor's is 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 company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the 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 directors 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 company's cash flow forecast for the year to 28 February 2018 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 auditor's are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor's and their report is presented on pages 4 - 5.

The annual financial statements set out on pages 7 - 17, which have been prepared on the going concern basis, were approved by the directors on 15 August 2018 and were signed on its behalf by:

  
\_\_\_\_\_  
**A.J.H. PITMAN**

  
\_\_\_\_\_  
**E.C. VAN GILS**

  
\_\_\_\_\_  
**O.C. CAREY**

**JOHANNESBURG**

**WEDNESDAY, 15 AUGUST 2018**

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907669A

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Reg. No.: 2000/022847/21  
Practice No.: 913952E

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Chartered Accountants (S.A.)  
Registered Auditors  
Geotrooieerde Rekenmeesters (S.A.)  
Geregistreerde Ouditeure

## INDEPENDENT AUDITOR'S REPORT

### TO THE SHAREHOLDERS OF MELVILLE SECURITY INITIATIVE NPC

#### Opinion

We have audited the Annual Financial Statements of Melville Security Initiative NPC set out on pages 7 to 17, which comprise the Statement of Financial Position as at 28 February 2017, 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 Melville Security Initiative NPC as at 28 February 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 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 which does not form part of the Annual Financial Statements, therefore not included in our audit report. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008 and the supplementary information, which we obtained prior to the date of this report.

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 71 of 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.


## **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.

  
C.S. OLIVIER  
DIRECTOR  
CHARTERED ACCOUNTANTS (S.A.)  
REGISTERED AUDITOR

15 AUGUST 2018  
4 SEVENTH AVENUE  
PARKTOWN NORTH  
JOHANNESBURG  
2121

**MELVILLE SECURITY INITIATIVE NPC  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**

**DIRECTORS' REPORT**

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The directors have pleasure in submitting their report on the annual financial statements of Melville Security Initiative NPC for the year ended 28 February 2017.

**1. NATURE OF BUSINESS**

Melville Security Initiative 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.

**2. 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 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

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

**3. GOING CONCERN**

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the 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.

**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. DIRECTORS' INTERESTS IN CONTRACTS**

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

**6. DIRECTORS**

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

<b>DIRECTORS</b>	<b>OFFICE</b>	<b>DESIGNATION</b>	<b>NATIONALITY</b>
A.J.H. Pitman	Chairperson	Executive	South African
E.C. Van Gils	Other	Executive	South African
O.C. Carey	Other	Executive	South African

**7. LIQUIDITY AND SOLVENCY**

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008.

**MELVILLE SECURITY INITIATIVE NPC**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**  
**STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2017**

	Notes	2017 R	2016 R
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2	425 156	-
<b>CURRENT ASSETS</b>			
Trade and other receivables	3	579 870	317 849
Cash and cash equivalents	4	1 214 134	1 583 417
		<b>1 794 004</b>	<b>1 901 266</b>
<b>TOTAL ASSETS</b>		<b>2 219 160</b>	<b>1 901 266</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Retained income		2 171 793	1 897 238
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax		2 987	-
<b>CURRENT LIABILITIES</b>			
Trade and other payables	5	44 053	4 028
Current tax payable		327	-
		<b>44 380</b>	<b>4 028</b>
<b>TOTAL LIABILITIES</b>		<b>47 367</b>	<b>4 028</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 219 160</b>	<b>1 901 266</b>



**MELVILLE SECURITY INITIATIVE NPC**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**

**STATEMENT OF COMPREHENSIVE INCOME**

	Notes	2017 R	2016 R
Revenue	6	3 710 961	3 137 223
Other income	7	8 357	1 160
Operating expenses		(3 494 927)	(3 186 129)
<b>Operating profit (loss)</b>		<b>224 391</b>	<b>(47 746)</b>
Investment revenue	8	53 478	-
<b>Profit (loss) before taxation</b>		<b>277 869</b>	<b>(47 746)</b>
Taxation	9	(3 314)	-
<b>Profit (loss) for the year</b>		<b>274 555</b>	<b>(47 746)</b>

**MELVILLE SECURITY INITIATIVE NPC**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**  
**STATEMENT OF CHANGES IN EQUITY**

	Retained income R	Total equity R
Balance at 01 March 2015	1 944 984	1 944 984
Loss for the year	(47 746)	(47 746)
Balance at 01 March 2016	1 897 238	1 897 238
Profit for the year	274 555	274 555
Balance at 28 February 2017	2 171 793	2 171 793

**MELVILLE SECURITY INITIATIVE NPC**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**

**STATEMENT OF CASH FLOWS**

	Notes	2017 R	2016 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		3 448 940	2 914 187
Cash paid to suppliers and employees		(3 393 444)	(3 199 266)
Cash generated from (used in) operations	11	55 496	(285 079)
Interest income		53 478	-
<b>Net cash from operating activities</b>		<b>108 974</b>	<b>(285 079)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	2	(478 257)	-
Decrease in other financial assets		-	845 457
<b>Net cash from investing activities</b>		<b>(478 257)</b>	<b>845 457</b>
<b>Total cash movement for the year</b>		<b>(369 283)</b>	<b>560 378</b>
Cash at the beginning of the year		1 583 417	1 023 039
<b>Total cash at end of the year</b>	4	<b>1 214 134</b>	<b>1 583 417</b>

**MELVILLE SECURITY INITIATIVE NPC**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**  
**ACCOUNTING POLICIES**

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**1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS**

The annual financial statements 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 annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, 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 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

**Critical judgements in applying accounting policies**

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

**Key sources of estimation uncertainty**

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

**1.2 PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, or for rental to others or for administrative purposes; and are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost include 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.

The initial estimate of the costs of dismantling and removing an asset and restoring the site on which it is located is also included in the cost of property, plant and equipment, when such dismantling, removal and restoration is obligatory.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

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<b>Item</b>	<b>Depreciation method</b>	<b>Average useful life</b>
Monitoring Equipment	Straight line	5 Years

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The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are recognised in profit or loss. Any impairment is recognized in profit and loss.

**MELVILLE SECURITY INITIATIVE NPC**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**  
**ACCOUNTING POLICIES**

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### **1.3 FINANCIAL INSTRUMENTS**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions.

Financial assets are derecognised when the contractual rights expire or are settled, the entity transfers the risk and rewards associated with ownership of the asset or the entity transfers control to another party. If the entity transfers partial control to another party and the other party has the ability to sell the asset in its entirety, the financial asset is derecognised and the rights and obligations of the portion of the asset retained are recognised separately.

Financial liabilities are derecognised when the debt is extinguished, including when the terms of a financial liability are subsequently modified or the financial liability is exchanged for another liability with substantially different terms. In such cases, the original financial liability is derecognised, and a new financial liability is raised.

At the end of each reporting period, all financial assets measured at cost or amortised cost must be assessed for impairment, and any impairment losses recognised immediately in profit or loss. Where an impairment loss subsequently reverses, the reversal is recognised immediately in profit or loss, although the financial assets may not exceed the amount that it would have been had impairment not originally been raised.

#### **Basic financial instruments**

Basic financial instruments comprise of:

- Cash.

On initial measurement, financial assets and liabilities are measured at the transaction price unless there is an effective financing transactions where payment is deferred beyond normal credit terms or is financed at a non-market related interest rate. In such cases, the financial assets and liabilities are initially measured at the present value of the future payments discounted at a market related interest rate.

Subsequently, financial assets and liabilities are measured as follows:

- All other items are measured at amortised cost using the effective interest method. Any financial assets and liabilities that are classified as current are measured at the undiscounted amount of the future cash flows, unless there is an effective financing transaction.

#### **Other financial instruments**

All other financial instruments that do not qualify as basic financial instruments are accounted for on initial measurement at fair value.

Subsequently these financial instruments are measured at fair value, with the change in fair value recognised in profit or loss, except for equity instruments that are not publicly traded and for which the fair value is not reliably measurable, which 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, are measured at fair value through profit and loss.



**MELVILLE SECURITY INITIATIVE NPC**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**  
**ACCOUNTING POLICIES**

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#### **1.4 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.

##### **Deferred tax assets and liabilities**

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits.

Deferred tax assets and liabilities are measured at an amount that includes the effect of the possible outcomes of a review by the tax authorities using tax rates that, on the basis of enacted or substantively enacted tax law at the end of the reporting period, are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax asset balances are reviewed at every reporting date. When necessary, a valuation allowance is recognised against the deferred tax assets so that the net amount equals the highest amount that is more likely than not to be realised on the basis of current or future taxable profit.

##### **Tax expenses**

Changes in a deferred tax liability or asset are recognised in profit or loss, unless the change is attributable to an item included in other comprehensive income, in which case the deferred tax is also recognised in other comprehensive income.

#### **1.5 IMPAIRMENT OF ASSETS**

The company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its 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.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

**MELVILLE SECURITY INITIATIVE NPC**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**  
**ACCOUNTING POLICIES**

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## **1.6 REVENUE**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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 services performed to date as a percentage of total services to be 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.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

When the inflow of cash and cash equivalents is deferred, the fair value of the consideration receivable is the present value of all future receipts using the imputed rate of interest.

The imputed rate of interest is the more clearly determinable of either:

- the prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- a ratio of interest that discounts the nominal amount of the instrument to the cash sales price of the goods and or services.

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

## **1.7 BORROWING COSTS**

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

## **1.8 STATEMENT OF CASH FLOWS**

The statement of cash flows was prepared using the direct method. For the purpose of the statement of cash flows, cash includes cash on hand, bank balances, short-term deposits and overdraft facilities.

**MELVILLE SECURITY INITIATIVE NPC**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2017 R	2016 R
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**2. PROPERTY, PLANT AND EQUIPMENT**

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Monitoring Equipment	478 257	(53 101)	425 156	-	-	-

**Reconciliation of property, plant and equipment - 2017**

	Opening balance	Additions	Depreciation	Total
Monitoring Equipment	-	478 257	(53 101)	425 156

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

**3. TRADE AND OTHER RECEIVABLES**

Trade receivables	579 870	317 849
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**4. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of:

Bank balances	87 769	1 371 882
Short-term deposits	1 053 044	-
Funds at managing agents	73 321	211 535
	<b>1 214 134</b>	<b>1 583 417</b>

**5. TRADE AND OTHER PAYABLES**

Amounts received in advance	44 053	4 028
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**6. REVENUE**

Levies - public space partol	3 031 716	2 449 670
Levies - security recovered	658 985	546 662
Levies - capital	20 260	19 391
Levies - yearly subscription	-	121 500
	<b>3 710 961</b>	<b>3 137 223</b>

**7. OTHER INCOME**

Reminder fees	8 357	1 160
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**MELVILLE SECURITY INITIATIVE NPC**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

	2017 R	2016 R
<b>8. INVESTMENT REVENUE</b>		
<b>Interest revenue</b>		
Bank	53 478	-
<b>9. TAXATION</b>		
<b>Major components of the tax expense</b>		
<b>Current</b>		
Local income tax - current period	327	-
<b>Deferred</b>		
Originating and reversing temporary differences	2 987	-
	<b>3 314</b>	<b>-</b>
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting profit and tax expense.		
Accounting profit (loss)	277 869	(47 746)
Tax at the applicable tax rate of 28% (2016: 28%)	77 803	(13 369)
<b>Tax effect of adjustments on taxable income</b>		
Non-deductible expenses	978 580	892 116
Exempt income	(1 039 069)	(878 422)
Exempt income - Limited to R50,000	(14 000)	(325)
	<b>3 314</b>	<b>-</b>
<b>10. AUDITOR'S REMUNERATION</b>		
Fees - prior year	-	7 239
<b>11. CASH GENERATED FROM (USED IN) OPERATIONS</b>		
Profit (loss) before taxation	277 869	(47 746)
<b>Adjustments for:</b>		
Depreciation and amortisation	53 101	-
Interest received	(53 478)	-
<b>Changes in working capital:</b>		
Trade and other receivables	(262 021)	(223 036)
Trade and other payables	40 025	(14 297)
	<b>55 496</b>	<b>(285 079)</b>

**MELVILLE SECURITY INITIATIVE NPC  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

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	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>

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**12. DIRECTORS' REMUNERATION**

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

**13. CONTINGENT ASSET**

According to available evidence, an amount of R 845,457 represents all outstanding amounts owed by Vnet (Pty) Limited. A claim process has commenced with the Estate Agency Affairs Board to recover these funds. Recoverability of the amount is subject to the success of the claim and other legal measures available to the association. On-going legal advice is being sought in this regard.



**MELVILLE SECURITY INITIATIVE NPC**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**  
**DETAILED INCOME STATEMENT**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
<b>REVENUE</b>	<b>3 710 961</b>	<b>3 137 223</b>
<b>OTHER INCOME</b>		
Reminder fees	8 357	1 160
Interest received	53 478	-
	<b>61 835</b>	<b>1 160</b>
<b>OPERATING EXPENSES</b>		
Administration and management fees	(190 575)	(174 758)
Auditors remuneration	-	(7 239)
Bad debts	(144 674)	(845 457)
Bank charges	(29 304)	(26 035)
Depreciation, amortisation and impairments	(53 101)	-
Donations	-	(7 900)
Legal expenses	(31 942)	-
Printing and stationery	-	(2 984)
Repairs and maintenance	-	(6 109)
Secretarial fees	(764)	(3 664)
Security	(3 044 567)	(2 111 408)
Telephone and fax	-	(575)
	<b>(3 494 927)</b>	<b>(3 186 129)</b>
<b>Profit (loss) before taxation</b>	<b>277 869</b>	<b>(47 746)</b>
Taxation	(3 314)	-
<b>Profit (loss) for the year</b>	<b>274 555</b>	<b>(47 746)</b>

**MELVILLE SECURITY INITIATIVE NPC**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017**  
**TAX COMPUTATION**

	<b>2017</b>
	<b>R</b>
Net profit per income statement	277 869
<b>Non-deductible and non-taxable items</b>	
Exempt income - Levies	(3 710 961)
Expenses attributable to exempt income	3 494 928
Annual exemption limited to R50,000	(50 000)
	<b>(266 033)</b>
<b>Temporary differences</b>	
Depreciation according to financial statements	53 101
Wear and tear allowance (s11(e))	(63 768)
	<b>(10 667)</b>
<b>Taxable income for 2017</b>	<b>1 169</b>
<b>Tax thereon @ 28% in the Rand</b>	<b>327</b>
<b>Reconciliation of tax balance</b>	
<b>Tax owing/(prepaid) for the current year:</b>	
<b>Normal tax</b>	
Per calculation	327
<b>Amount owing/(prepaid) at the end of year</b>	<b>327</b>