

**DURBAN POINT WATERFRONT  
MANAGEMENT ASSOCIATION NPC  
(Registration number 1998/001781/08)  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 December 2012**

**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
**(Registration number 1998/001781/08)**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 December 2012**

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

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**Supplementary information**

The following supplementary schedule does not form part of the annual financial statements and it is presented as additional information

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**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
**(Registration number 1998/001781/08)**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 December 2012**

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**General information**

Country of incorporation	South Africa
Nature of business	Management Association
Directors	Mr C P Brink Mr K D Matthias Mr D B Shezi Mr G A Jacobson Mr N J Steyn
Registered office	15 Timeball Boulevard Point 4001
Business address	15 Timeball Boulevard Point 4001
Postal address	P. O. Box 38073 Point 4069
Bankers	First National Bank and Rand Merchant Bank
Auditors	Ngubane & Co. Registered Auditors
Business address	18th Floor 320 Dr. Pixley kaSeme Street Durban 4000
Managing agents	Umongi FM Services (Pty) Ltd
Business address	15 Timeball Boulevard Point 4001
Company registration number	1998/001781/08

**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
**(Registration number 1998/001781/08)**  
**STATEMENT OF RESPONSIBILITY AND APPROVAL BY THE BOARD OF DIRECTORS**  
**for the year ended 31 December 2012**

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The directors are required to maintain adequate accounting records and are responsible for the content and the integrity of the financial statements and the 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 year, the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa . The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal 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 minimize 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 external auditors are primary responsible for expressing an opinion on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 5.

The financial statements set out on pages 6 to 20, which have been prepared on the going concern basis, were approved by the board of directors and were signed on its behalf by:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Date

\_\_\_\_\_  
Director

\_\_\_\_\_  
Date

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**

### **Report on the Financial Statements**

We have audited the annual financial statements of Durban Point Waterfront Management Association, which comprise the directors' report, the statement of financial position as at 31 December 2012, the statement of comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 20.

#### *Directors' responsibility for the Financial Statements*

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' responsibility*

Our responsibility is to express our opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC (Continued)**

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2012 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards.

**Secretarial duties**

With the written consent of the directors, we have performed certain secretarial duties.

**Supplementary information**

The supplementary schedule set out on page 21 does not form part of the annual financial statements and it is presented as additional information.

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Per SD Msomi  
**Registered Auditor**  
**Ngubane & Co.**  
**Chartered Accountants (SA)**

DURBAN

Date: \_\_\_\_\_

**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
**(Registration number 1998/001781/08)**  
**REPORT OF THE DIRECTORS**  
**for the year ended 31 December 2012**

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The directors present their report for the year ended 31 December 2012. This report forms part of the audited financial statements.

**NATURE OF BUSINESS AND OPERATIONS**

The Association is incorporated under section 10 of the Companies Act 2008. It is a management association whose main business is to look after the interests of the property owners within the Durban Point Waterfront Precinct and to ensure that the common public areas are adequately maintained.

**REPORTABLE IRREGULARITIES**

No reportable irregularities were identified.

**FINANCIAL RESULTS**

The financial results for the year are reflected in the statement of comprehensive income set out on page 8. These results are summarised as follows:

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
Income	8 970 258	10 303 645
Expenses	(7 642 987)	(9 740 532)
Surplus before tax	<u>1 327 271</u>	<u>563 113</u>

**DIRECTORATE**

Mr. C P Brink  
Mr. K D Matthias  
Mr. D B Shezi  
Mr G A Jacobson  
Mr N J Steyn

**AUDITORS**

Ngubane & Co. act as auditors of the company.

**EVENTS AFTER THE REPORTING DATE**

No material fact or circumstance has occurred between the financial year end and the date of this report.

**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
**(Registration number 1998/001781/08)**  
**STATEMENT OF FINANCIAL POSITION**  
**as at 31 December 2012**

	Note	2012 R	2011 R
<b>ASSETS</b>			
<i>Non-current assets</i>			
Property, plant and equipment	6	26 303	41 731
<i>Current assets</i>			
Trade and other receivables	7	3 159 800	3 311 444
Cash and cash equivalents	11.2	5 684 040	4 649 193
<b>Total assets</b>		<b>8 870 143</b>	<b>8 002 368</b>
<b>FUNDS AND LIABILITIES</b>			
<i>Funds and reserves</i>			
Accumulated surplus		7 595 829	6 403 607
<i>Current liabilities</i>			
Trade and other payables	8	1 220 944	1 394 758
Short term provisions	17	35 109	156 647
South African Revenue Services - Normal tax payable	9	18 262	47 355
<b>Total equity and liabilities</b>		<b>8 870 143</b>	<b>8 002 368</b>



**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
**(Registration number 1998/001781/08)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2012**

	Note	2012 R	2011 R
<b>Revenue</b>	<b>2</b>	6 673 876	7 742 716
Other income	<b>2.1</b>	2 296 382	2 560 929
Operating expenses		(7 642 987)	(9 740 532)
<b>Operating surplus</b>		<u>1 327 271</u>	<u>563 114</u>
<b>Surplus before taxation</b>	<b>3</b>	<u>1 327 271</u>	<u>563 114</u>
Income tax expense	<b>4</b>	-	(13 480)
<b>Surplus for the year</b>		<u><u>1 327 271</u></u>	<u><u>549 634</u></u>

**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
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**STATEMENT OF CHANGES IN FUNDS**  
**for the year ended 31 December 2012**

	Note	Accumulated surplus R	Total R
<b>Balance at 01 January 2011</b>		5 853 974	5 853 974
Surplus for the year		549 634	549 634
<b>Balance at 31 December 2011</b>		<u><b>6 403 607</b></u>	<u><b>6 403 607</b></u>
Prior period error	19	(135 048)	(135 048)
<b>Restated balance at 31 December 2011</b>		<u><b>6 268 558</b></u>	<u><b>6 268 558</b></u>
Surplus for the year		1 327 271	1 327 271
<b>Balance at 31 December 2012</b>		<u><u><b>7 595 829</b></u></u>	<u><u><b>7 595 829</b></u></u>

**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
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**STATEMENT OF CASH FLOWS**  
**for the year ended 31 December 2012**

	Notes	2012 R	2011 R
<b>Cash flows from operating activities</b>			
Cash receipts from customers		8 260 953	6 472 743
Cash paid to suppliers		<u>(7 462 861)</u>	<u>(8 023 893)</u>
Cash (utilised in)/generated by operations	11.1	798 093	(1 551 150)
Interest received		265 848	274 960
Taxation	11.3	(29 093)	(88 651)
<i>Net cash (used in)/generated from operating activities</i>		<u>1 034 848</u>	<u>(1 364 841)</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	6	-	(39 495)
<i>Net cash used in investment activities</i>		<u>-</u>	<u>(39 495)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		1 034 847	(1 404 336)
Cash and cash equivalents at the beginning of the year		4 649 193	6 053 529
<b>Cash and cash equivalents at the end of the year</b>	11.2	<u><u>5 684 040</u></u>	<u><u>4 649 193</u></u>

**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
**(Registration number 1998/001781/08)**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 December 2012**

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**1 BASIS OF PREPARATION**

The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost basis of accounting and incorporate the following principal accounting policies, which are consistent with those of the previous year:

**1.1 Property, plant and equipment**

Property, equipment, furniture and fittings are shown at historical cost less accumulated depreciation and accumulated impairment losses. Property, equipment, furniture and fittings are depreciated on the straight line method at rates considered appropriate to reduce the carrying amount of the assets to their residual values over their anticipated useful lives.

These rates are:

- Boat	33.33% p.a
- Office equipment	33.33% p.a
- Furniture and fittings	33.33% p.a
- Plant and equipment	33.33% p.a

Increase in carrying amounts are credited directly to a non-distributable reserve. Decreases in valuation that offset previous increases of the same amount are charged against the revaluation reserve and all other decreases are charged to the income statement.

Surpluses and losses on disposal of plant and equipment are charged to the statement of comprehensive income. Where the recoverable amount of an asset is less than the carrying amount, the carrying amount of the asset is written down to its recoverable amount.

**1.2 Lease agreements**

Lease rentals in respect of operating leases are charged against profit in a systematic manner to ensure matching of revenue and cost.

**1.3 Revenue recognition**

Revenue comprises of income from levies and interest from customers, recognized on a monthly basis in terms of sale agreements, and interest from the bank regarding the call account and the term deposit accounts.

Any shortfall in levies is borne at the sole discretion of the primary developer, DPDC, in respect of all unsold property.

Interest is recognized on a time proportion basis which takes into account the effective yield on the asset over the period it is expected to be held.

**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
**for the year ended 31 December 2012**

**1.4 Provisions**

Provisions are recognized where the Association has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation.

**1.5 Financial Instruments**

Financial instruments recognized on the statement of financial position include cash and cash equivalents, trade receivables and trade payables.

On initial recognition, financial instruments are measured at the fair value of the consideration given or received. Subsequent to initial recognition, these financial instruments are measured as follows:

*Trade receivables*

These are classified as receivables originated by the association and are carried at amortized cost less impairment thereon.

*Cash and cash equivalents*

These are classified as receivables originated by the association and are carried at amortized cost and consists of cash on hand and balances at banks.

*Long term liabilities, trade payables and short term borrowings*

These instruments are classified as financial liabilities and are carried at amortized cost.

Financial assets are derecognised when the association loses control of the contractual rights to receive cash from the financial asset. Financial liabilities are derecognised when and only when contractual obligations are extinguished through discharge, cancellation or expiry.

**1.6 Deferred tax**

The company provides for deferred tax on all temporary differences according to the comprehensive basis by using the financial position approach.

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>2 REVENUE</b>		
Levies received from property owners	5 673 876	6 515 283
Levies received from primary developer - DPDC	1 000 000	1 227 434
	<u><b>6 673 876</b></u>	<u><b>7 742 716</b></u>
<b>2.1 OTHER INCOME</b>		
Grant income	1 766 831	1 748 413
Operating costs recovery	92 553	182 055
Sundry income	44 369	141 259
Insurance claims	-	1 100
Interest income	392 629	488 102
	<u><b>2 296 382</b></u>	<u><b>2 560 929</b></u>

**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
**for the year ended 31 December 2012**

	2012 R	2011 R
<b>3 SURPLUS BEFORE TAX</b>		
Surplus before tax is stated after taking the following items into account:		
<b>Income</b>		
Interest received	392 629	488 102
<b>Expenses</b>		
Auditor's remuneration	50 641	50 419
Depreciation	15 426	6 858
Allowance for credit losses	(76 849)	2 181 976
Operating lease charges	242 031	228 542
<b>4 TAXATION</b>		
South African Normal Taxation		
- Current taxation	<u>-</u>	<u>13 481</u>
<b>Tax rate reconciliation</b>		
Standard tax rate	28%	28%
Tax at standard rate	371 636	153 561
Exempt differences:	(423 915)	(140 082)
- Levies income (Sec 10(1)(e))	(1 868 685)	(2 227 640)
- Non taxable income	(61 414)	(50 975)
- Non deductible expenditure	2 140 036	2 648 347
- Deductible expenditure (70%)	(633 852)	(509 813)
Increase in unprovided debit income tax-tax loss	52 279	-
Effective tax	<u>-</u>	<u>13 480</u>
Tax loss available to reduce future taxable profits	(186 710)	-

**5 DEFERRED TAXATION**

Deferred tax is provided using the liability method on temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. There were no temporary differences during the current year that resulted in a deferred tax balance.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
for the year ended 31 December 2012

**6 PROPERTY, PLANT AND EQUIPMENT**

2012	Plant and equipment R	Boat R	Computer Equipment R	Office equipment R	Furniture and fittings R	Total R
Carrying amount at the beginning of the year	1 121	0	38 409	2 198	0	41 729
- Cost	78 441	98 539	74 095	27 352	40 968	319 395
- Accumulated depreciation	(77 320)	(98 539)	(35 686)	(25 154)	(40 968)	(277 667)
Movements during the year:						
- Additions						
- Depreciation	(1 121)	-	(13 032)	(1 273)	-	(15 426)
Carrying amount at the end of the year	<b>(0)</b>	<b>0</b>	<b>25 377</b>	<b>925</b>	<b>0</b>	<b>26 303</b>
<i>Reconciled as follows:</i>						
- Cost	78 441	98 539	74 095	27 352	40 968	319 395
- Accumulated depreciation	(78 441)	(98 539)	(48 718)	(26 427)	(40 968)	(293 093)
Carrying amount at the end of the year	<b>(0)</b>	<b>0</b>	<b>25 377</b>	<b>926</b>	<b>0</b>	<b>26 303</b>
2011	Plant and equipment R	Boat R	Computer Equipment R	Office equipment R	Furniture and fittings R	Total R
Carrying amount at the beginning of the year	5 601	-	-	3 490	-	9 091
- Cost	78 441	98 539	34 600	27 352	40 968	279 900
- Accumulated depreciation	(72 840)	(98 539)	(34 600)	(23 862)	(40 968)	(270 809)
Movements during the year:						
- Additions	-	-	39 495	-	-	39 495
- Depreciation	(4 480)	-	(1 086)	(1 292)	-	(6 858)
Carrying amount at the end of the year	<b>1 121</b>	<b>-</b>	<b>38 409</b>	<b>2 198</b>	<b>-</b>	<b>41 730</b>
<i>Reconciled as follows:</i>						
- Cost	78 441	98 539	74 095	27 352	40 968	319 395
- Accumulated depreciation	(77 320)	(98 539)	(35 686)	(25 154)	(40 968)	(277 667)
Carrying amount at the end of the year	<b>1 121</b>	<b>-</b>	<b>38 409</b>	<b>2 198</b>	<b>-</b>	<b>41 731</b>

**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
**for the year ended 31 December 2012**

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>7 TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	3 385 462	7 822 345
Less: Allowance for credit losses	(1 613 450)	(5 525 313)
Prepayments	-	64 708
Deposits paid	100 635	67 194
Grant in aid receivable	882 510	882 510
Sundry customers	-	1
South African Revenue Services - VAT	404 643	-
	<u><b>3 159 800</b></u>	<u><b>3 311 444</b></u>
<b>8 TRADE AND OTHER PAYABLES</b>		
Trade payables	864 695	778 385
Accruals	41 248	311 374
Deposits received	315 000	305 000
	<u><b>1 220 944</b></u>	<u><b>1 394 758</b></u>
<b>9 SOUTH AFRICAN REVENUE SERVICES - NORMAL TAX</b>		
Opening balance	47 355	111 260
Movements during the year:	29 093	(63 904)
Tax paid	29 093	(77 384)
- Current tax	-	13 480
Closing balance of normal tax payable	<u><b>18 262</b></u>	<u><b>47 355</b></u>

**10 FINANCIAL INSTRUMENTS**

**Liquidity**

The Association minimizes its liquidity risk by ensuring that it has adequate banking facilities.

**Foreign currency risk management**

The Association does not have any foreign assets or liabilities.

**Fair value**

The directors are of the opinion that the book value of its financial instruments approximates fair value.

**Credit risk management**

The Association deposits cash surpluses with banks of high quality credit standing. The Association only trades with recognized, creditworthy third parties. At year-end, the Association did not consider there to be any significant concentration of credit risk which has not been adequately provided for.



**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
**for the year ended 31 December 2012**

**11 NOTES TO THE STATEMENT OF CASH FLOWS**

<b>11.1 Reconciliation of surplus before taxation to cash (utilised in)/generated by operations</b>	<b>Notes</b>	<b>2012 R</b>	<b>2011 R</b>
Net surplus before taxation		1 327 271	563 114
Adjustments for :			
Interest received		(265 848)	(274 960)
Depreciation		15 426	6 858
Allowance for credit losses		(76 849)	2 181 976
Prior period adjustment		<u>(135 048)</u>	<u>-</u>
Operating surplus before working capital changes		864 951	2 476 988
Working capital changes			
(Increase)/ decrease in trade and other receivables		(308 409)	(3 555 941)
Increase/(decrease) in trade and other payables		<u>241 550</u>	<u>(472 197)</u>
<b>Cash (utilised in)/generated by operations</b>		<b><u>798 093</u></b>	<b><u>(1 551 150)</u></b>

**11.2 Cash and cash equivalents**

Cash and cash equivalents comprise the following statement of financial position amounts:

Cash at bank	266 061	144 368
Call account	5 417 524	4 504 153
Cash in hand	455	672
	<u>5 684 040</u>	<u>4 649 193</u>

**11.3 Normal tax paid**

(Receivable)/payable amounts at beginning of year	47 355	122 527
Current tax expense	-	13 480
Receivable/(payable) amounts at end of year	<u>(18 262)</u>	<u>(47 355)</u>
	<b><u>29 093</u></b>	<b><u>88 651</u></b>

**12 RELATED PARTIES**

**12.1 Related party relationships**

Related party relationships existed between Durban Point Waterfront Management Association and the following companies during the year:

**Durban Point Development Company (Proprietary) Limited (DPDC)**

Relationship: Property Developer - owner of the land in the Point Precinct presently being developed.

**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
**for the year ended 31 December 2012**

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**12 RELATED PARTIES (Continued)**

**12.1 Related party relationships (Continued)**

**eThekwini Municipality**

Relationship: Contributor of the Grant-In-Aid.

**Durban Infrastructural Development Trust**

Relationship: Has a 50% shareholding in DPDC.

**Point Precinct Trust**

Relationship: Owner of certain parcels of land, deemed public zones, that is managed contractually by DPWMA.

**Laurusco Developments (Proprietary) Limited**

Relationship: Project Directors of DPDC.

**Rocpoint (Proprietary) Limited**

Relationship: Has a 50% shareholding in DPDC.

<b>12.2 Related party transactions:</b>	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>Rendering services</b>		
- Durban Point Development Company (Pty) Ltd	1 000 000	1 227 434
- Point Precinct Trust	1 722 500	1 704 062
- eThekwini Municipality	69 690	75 563
<b>Receipt of services</b>		
- Laurusco Developments (Pty) Ltd	111 000	103 200
<b>12.3 Related party balances</b>		
<b>Receivable from</b>		
- Durban Point Development Company (Pty) Ltd	18 415	8 785
- eThekwini Municipality	-	50 560
- Point Precinct Trust	1 963 650	1 477 202

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
**for the year ended 31 December 2012**

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>12.3 Related party balances (Continued)</b>		
<b>Payable to</b>		
- eThekweni Municipality	109 484	44 532
- Laurusco Developments (Pty) Ltd	11 742	10 146
- Rocpoint (Pty) Ltd	14 306	14 306

These outstanding balances are receivable/payable 30 days from statement date, are unsecured balances, and the nature of consideration to settle them is cash. There are no guarantees received or given with regards to these outstanding balances.

**13 COMMITMENTS AND CONTINGENT LIABILITIES**

At year end, the Association had no capital commitments or contingent liabilities. Refer to note 14 for disclosure of operating lease commitments.

**14 OPERATING LEASE COMMITMENTS**

The company has two operating lease agreements. The details of the agreements are summarised below:

**Agreement 1:**

The surveillance control centre premises is leased from Durban Marine Theme Park (Pty) Ltd at monthly rentals of R6 750 during the first year, payable in advance. The monthly rental for the second and each subsequent year of this lease shall be determined by escalating the monthly rental payable during the immediately preceding year by a rate equivalent to the rate by which the Consumer Price Index for all categories and for the whole of South Africa shall have escalated during the immediately preceding calendar year. The period of the lease is from 1 August 2004 to July 2014.

The company has an option to renew the lease for a further 10 year period.

The future minimum lease payments under non-cancellable operating lease are: (excluding CPI escalation)

<b>1 year</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
81 000	47 250	-	128 250

**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
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**Agreement 2:**

Office space is leased from Laurusco Developments (Pty) Ltd at a monthly rental of R10 300, payable in advance. The rental shall be escalated by the rate of the Consumer Price Index. The lease period in terms of the agreement is from 1 October 2012 to 30 September 2013.

**15 GOVERNMENT GRANT**

A non-refundable grant was received from eThekweni Municipality. The grant was awarded to the Association because one of the Association's objectives is to perform municipality related services at the Durban Point Precinct. The grant will be advanced to the Association annually for an indefinite period of time.

	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
Grant received	1 766 831	1 748 413
<b>16 LEVY REFUND/(LEVY SHORTFALL) - DPDC</b>	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
Total income for the year	8 970 258	10 303 645
Less: Interest on call account	(265 848)	(274 779)
Less: Grant income from eThekweni Municipality	(1 766 831)	(1 748 413)
Add: Grant in aid refund	-	-
	<hr/>	<hr/>
Income directly attributable to levy collection and the Association's activities	6 937 579	8 280 453
Less: Capital expenditure	-	-
Less: Total expenses	7 642 987	(9 755 212)
Add: Grant in aid refund	-	-
	<hr/>	<hr/>
(Operating Levy Shortfall)/ Levy refundable to DPDC	<b><u>(705 408)</u></b>	<b><u>(1 474 759)</u></b>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
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<b>17 SHORT-TERM PROVISIONS</b>	<b>2012</b>	<b>2011</b>
	<b>R</b>	<b>R</b>
<b>Carrying amount beginning of year</b>	156 647	66 399
Provision created during the current year	38 341	363 946
Provision utilised during the current year	<u>(159 879)</u>	<u>(315 317)</u>
<b>Carrying amount end of year</b>	<b><u>35 109</u></b>	<b><u>156 647</u></b>

The provision for the current year is in respect of the VAT on Grant in aid that is receivable from eThekweni Municipality.

<b>18 CANAL PROPERTIES</b>	<u>100</u>	<u>100</u>
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Canal properties comprise properties donated by Durban Point Development Company to the Association, as fiduciary and Point Precinct Trust, as *fideicommissary*. The properties are intended to accommodate canals in the Durban Point Precinct with the main aim of providing a form of attractive "public open space". The Association shall be obliged at its cost to provide services required in respect of the management, cleaning, maintenance, and good order of the properties other than, or additional to those services (if any) relating to the normal municipal provision thereto of water, electricity, sewerage, refuse removal, storm water drainage and law enforcement.

The Association does not have title deeds to these properties because they have not yet been legally transferred by Durban Point Development Company. As a result, the canal properties have not been accounted for in the statement of financial position.

**19 CORRECTION OF PRIOR PERIOD ERROR**

The prior period error relates to interest on overdue customers recognised in previous years. In terms of the payment plan with customers, the interest is waived upon receipt of payment from the customers. The interest was erroneously reversed in the current year in the statement of comprehensive income instead of the statement of changes of funds. This error has been corrected retrospectively and comparative figures have been appropriately restated. The effect of the correction of the error on the results for 2012 is as follows:

Increase in current year's interest on overdue customers	<u>135 048</u>	<u>-</u>
Increase in surplus	<b><u>135 048</u></b>	<b><u>-</u></b>
Decrease in opening accumulated surplus	<u>135 048</u>	<u>-</u>
Decrease in equity	<b><u>135 048</u></b>	<b><u>-</u></b>

**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
**(Registration number 1998/001781/08)**  
**DETAILED STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2012**

	Notes	2012 R	2011 R
<b>Gross revenue</b>			
Levies		6 673 876	7 742 716
<b>Other income</b>		2 296 382	2 560 929
Grant income		1 766 831	1 748 413
Operating costs recovery		92 553	182 055
Sundry Income		44 369	141 259
Insurance claims		-	1 100
Interest income on customers accounts		126 781	213 141
Interest income on current account		-	181
Interest income on call account		265 848	274 779
<b>Total income</b>		8 970 258	10 303 645
<b>Less: Expenditure</b>		7 642 987	9 740 532
Accounting fees		141 759	133 736
Administration fees		938 310	1 016 083
Advertising and promotion		-	25 161
Allowance for credit losses		(76 849)	2 181 976
Audit fees		50 641	50 419
Bank charges		5 333	3 314
Civils maintenance		111 201	99 185
Cleaning costs		543 442	688 968
Computer expenses		3 669	5 880
Consulting fees		9 950	12 000
Courier and postage		320	1 431
Decking		4 568	40 520
Depreciation		15 426	6 858
Donation		2 000	439
Electrical expenses		441 657	431 612
Entertainment		-	1 122
Insurance		67 841	87 408
IT Expenses		33 380	35 899
Landscaping services		693 251	653 335
Legal fees		1 717	135
Management fees		830 812	783 785
Office maintenance costs		91 622	89 376
Plant expenses		-	1 650
Printing and stationery		32 568	32 406

**DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC**  
**(Registration number 1998/001781/08)**  
**DETAILED STATEMENT OF COMPREHENSIVE INCOME (Continued)**  
**for the year ended 31 December 2012**

	Notes	2012 R	2011 R
Rent paid		242 031	228 542
Repairs and maintenance		599 713	560 855
Secretarial fees		-	807
Security		1 968 022	1 948 409
Staff uniforms		5 458	6 101
Sundry expense		-	8 073
Telephone		45 040	46 965
Water testing		29 056	17 470
Waste removal		142 688	86 800
Water and electricity		668 364	453 814
Surplus before taxation		<u>1 327 271</u>	<u>563 114</u>
Income tax expense	4	<u>-</u>	<u>(13 480)</u>
Surplus for the year		<u><b>1 327 271</b></u>	<u><b>549 634</b></u>
Reconciled as follows:			
(Operating Levy Shortfall)/ Levy refundable to DPDC	16	(705 408)	(1 474 759)
Retained by the Association		<u>2 032 679</u>	<u>2 024 393</u>
		<u><b>1 327 271</b></u>	<u><b>549 634</b></u>