

Howick and District Council for the Care of the Aged

(Registration number NPO 002-261)

Annual Financial Statements
for the year ended 31 March 2018

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Howick and District Council for the Care of the Aged

(Registration number: NPO 002-261)

Annual Financial Statements for the year ended 31 March 2018

General Information

Company registration number	NPO 002-261
Country of incorporation and domicile	South Africa
Directors	M Powell H Martin S Goodenough P Vogts S Lund V Rohrs R Dahl R Hedenskog T Fawdry K Cunan
Registered office	65 Symmonds Lane Howick 3290
Business address	65 Symmonds Lane Howick 3290
Postal address	P O Box 791 3290
Banker	First National Bank
Tax reference number	0497074211
VAT reference number	4440102772
PAYE reference number	7560709372
SDL reference number	L560709372
UIF reference number	U560709372
Auditors	Colenbrander Incorporated Chartered Accountants (S.A.) Registered Auditors
Preparer	The annual financial statements were independently compiled by: I S Colenbrander Chartered Accountant (S.A.)
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the International Standards on Auditing.

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Board of Directors' Responsibilities and Approval

The board of directors are required by the International Standards on Auditing, 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 entity 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 basis of accounting as described in note 1 to the annual financial statements. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the basis of accounting as described in note 1 to the annual financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The board of 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 board of 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The board of 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 board of directors have reviewed the entity's cash flow forecast for the year to 31 March 2019 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on pages 5 to 7.

The annual financial statements set out on pages 8 to 21, which have been prepared on the going concern basis, and the board of directors' report on page 4 were approved by the board of directors on 16 August 2018 and were signed by:



M Powell
(President)



J Hughes
(Chief Executive Officer)

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Board of Directors' Report

The board of directors have pleasure in submitting their report on the annual financial statements of Howick and District Council for the Care of the Aged for the year ended 31 March 2018.

1. Nature of business

Howick and District Council for the Care of the Aged was incorporated in South Africa. The principal activities of the company are accommodation, meals and healthcare facilities to the elderly.

There have been no material changes to the nature of the entity's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with accounting policies chosen by the board of the directors, and 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. Board of directors

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

President - M Powell

Honorary Life Vice President - S Houghton

CEO - J Hughes

Financial Manager - D Evans

Board Members :

M Powell

H Martin

S Goodenough

P Vogts

S Lund

V Rohrs

R Dahl

R Hedenskog

T Fawdry

K Cunan

4. Events after the reporting period

The board of directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Going concern

The board of directors believe that the entity 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 board of directors have satisfied themselves that the entity is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The board of directors are not aware of any new material changes that may adversely impact the entity. The board of 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 entity.

6. Auditors

Colenbrander Incorporated continued in office as auditors for the entity for 2018.

Independent Auditor's Report

To the directors of Howick and District Council for the Care of the Aged

Qualified opinion

We have audited the annual financial statements of Howick and District Council for the Care of the Aged set out on pages 8 to 21, which comprise the statement of financial position as at 31 March 2018, 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, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the annual financial statements present fairly, in all material respects, the financial position of Howick and District Council for the Care of the Aged as at 31 March 2018, and its financial performance and cash flows for the year then ended in accordance with basis of accounting as described in note 1 to the annual financial statements and the requirements of the International Standards on Auditing.

Basis for qualified opinion

In common with similar organisations, it is not feasible for the board of directors to institute accounting controls over donations prior to initial entry of the collection in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts actually recorded.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other information

The directors are responsible for the other information. The other information comprises the Board of Directors' Report as required by the International Standards on Auditing, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

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 basis of accounting as described in note 1 to the annual financial statements and the requirements of the International Standards on Auditing, 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.

Independent Auditor's Report

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.

Colenbrander Dnc

Colenbrander Incorporated
Per : M P Black
Director
Chartered Accountants (S.A.)
Registered Auditors
Hilton

Date: 26 AUGUST 2018

Howick and District Council for the Care of the Aged

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Statement of Financial Position as at 31 March 2018

	Notes	2018 R	2017 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	58 824 882	58 405 660
Other financial assets	3	12 831 996	13 045 134
		<u>71 656 878</u>	<u>71 450 794</u>
Current Assets			
Trade and other receivables	4	1 291 589	1 060 442
Cash and cash equivalents	5	2 216 647	1 413 975
		<u>3 508 236</u>	<u>2 474 417</u>
Total Assets		<u>75 165 114</u>	<u>73 925 211</u>
Equity and Liabilities			
Equity			
Reserves		4 096 406	4 079 689
Retained income		2 889 010	5 236 519
		<u>6 985 416</u>	<u>9 316 208</u>
Liabilities			
Non-Current Liabilities			
Endowment life rights	6	64 007 525	60 781 394
Interest free deposits	7	647 868	742 868
		<u>64 655 393</u>	<u>61 524 262</u>
Current Liabilities			
Trade and other payables	8	3 147 982	2 755 126
Provisions	9	376 323	329 615
		<u>3 524 305</u>	<u>3 084 741</u>
Total Liabilities		<u>68 179 698</u>	<u>64 609 003</u>
Total Equity and Liabilities		<u>75 165 114</u>	<u>73 925 211</u>

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Statement of Comprehensive Income

	Notes	2018 R	2017 R
Revenue			
Administration and residential fees		12 403 327	12 589 838
Home help and clinic		3 844	12 291
Income from meals		150 737	179 473
Levies		2 045 913	1 934 989
Respite		79 805	75 018
Subscriptions		62 186	65 808
		<u>14 745 812</u>	<u>14 857 417</u>
Other income			
Donations utilised		31 272	93 742
Donation and bequests		126 229	61 904
Excursions and fund raising		19 070	15 007
Fair value adjustments - investments		330 406	-
Insurance - refund		57 035	18 699
Interest - debtors		9 190	9 042
Investment income	10	826 644	714 211
Medical expenses over / (under) recovered		20 060	(4 999)
Rental income		51 556	43 609
		<u>1 471 462</u>	<u>951 215</u>
Total income		<u>16 217 274</u>	<u>15 808 632</u>
Expenses (Refer to page 10)		<u>(17 828 969)</u>	<u>(16 536 397)</u>
Operating loss		<u>(1 611 695)</u>	<u>(727 765)</u>
Finance costs	11	(59 183)	(87 798)
Fair value adjustments - investments		-	(249 501)
		<u>(59 183)</u>	<u>(337 299)</u>
Net deficit before transfer to funds and reserves		<u>(1 670 878)</u>	<u>(1 065 064)</u>
Loss on endowments			
Endowment income		132 995	414 133
Less: Refurbishing costs		(922 146)	(601 302)
		<u>(789 151)</u>	<u>(187 169)</u>
Subsidy - Department of Welfare		201 792	201 792
Net deficit before transfer to funds and reserves		<u>(2 258 237)</u>	<u>(1 050 441)</u>
Transfers to funds		(97 968)	(50 000)
Transfer from (to) levy stabilisation fund		10 347	(52 227)
Net deficit for the year		<u>(2 345 858)</u>	<u>(1 152 668)</u>

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Statement of Comprehensive Income

	Note	2018 R	2017 R
Operating expenses			
Accounting fees - other services		3 562	2 112
Administration and management fees		27 444	25 209
Advertising		8 674	11 315
Affiliation fees		4 091	4 775
Ambulance costs		29 008	29 046
Auditor's remuneration		51 268	50 000
Bank charges		54 473	46 128
Cleaning		149 582	167 513
Cleaning service		532 877	514 694
Computer expenses		40 958	38 303
Depreciation	2	118 172	111 934
Donations and free meals		58 177	78 163
Employee costs		9 874 863	9 790 103
Endowment 'C' Fund		220 710	114 132
Endowment - interest		5 636	-
Food and groceries		1 697 696	1 693 185
Garden service		1 064 273	989 084
Gas		40 741	37 374
Insurance		232 688	184 332
Kitchenware		26 914	29 682
Laundry services		364 262	349 012
Licences and legal costs		25 364	5 554
Loose tools and consumables		3 943	6 811
Loss on sale of investments		479 047	-
Loss on sale of property, plant and equipment		6 075	-
Management fees		163 460	149 460
Postage		570	-
Printing and stationery		42 050	46 662
Professional fees		-	27 210
Rates		214 930	142 877
Rental - equipment		218 991	204 216
Repairs and maintenance		885 179	540 275
Respite costs		52 368	48 002
Secretarial fees		1 070	-
Security		544 309	509 165
Small assets		11 657	8 281
Telephone and calls		65 414	43 267
Time share levies		422	4 737
Transport and freight		55 310	54 781
Water and electricity		452 741	479 003
		17 828 969	16 536 397

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Statement of Changes in Equity

	Benevolent funds	Levy stabilisation reserve	Asset replacement reserve	Total reserves	Retained income	Total equity
	R	R	R	R	R	R
Balance at 01 April 2016	1 158 986	729 106	2 049 921	3 938 013	6 714 062	10 652 075
Deficit for the year	-	-	-	-	(1 152 668)	(1 152 668)
Additions to bequests and funds	-	-	-	-	50 000	50 000
Transfer to provision	-	-	-	-	(374 875)	(374 875)
Interest on levy stabilisation reserve fund	-	103 927	-	103 927	-	103 927
Net transfer to levy stabilisation fund	-	52 227	-	52 227	-	52 227
Transfer directly to fund	(33 538)	-	19 060	(14 478)	-	(14 478)
Balance at 01 April 2017	1 125 448	885 260	2 068 981	4 079 689	5 236 519	9 316 208
Deficit for the year	-	-	-	-	(2 345 858)	(2 345 858)
Additions to bequests and funds	-	-	-	-	97 968	97 968
Transfer to provision	-	-	-	-	(99 619)	(99 619)
Interest on levy stabilisation reserve fund	-	56 351	-	56 351	-	56 351
Net transfer from levy stabilisation fund	-	(10 347)	-	(10 347)	-	(10 347)
SARS refund	-	33 492	-	33 492	-	33 492
Transfer directly to fund	(54 943)	-	(7 836)	(62 779)	-	(62 779)
Balance at 31 March 2018	1 070 505	964 756	2 061 145	4 096 406	2 889 010	6 985 416

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Statement of Cash Flows

	Notes	2018 R	2017 R
Cash flows from operating activities			
Cash used in operations	13	(3 095 995)	(1 052 224)
Interest received		826 644	714 211
Finance costs		(59 183)	(87 798)
Net cash from operating activities		(2 328 534)	(425 811)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(549 555)	(837 868)
Sale of property, plant and equipment	2	6 086	-
Movement in financial assets		543 544	(609 722)
Net cash from investing activities		75	(1 447 590)
Cash flows from financing activities			
Repayment of endowment life rights		3 226 131	2 148 675
Movement in interest free deposits		(95 000)	(143 764)
Net cash from financing activities		3 131 131	2 004 911
Total cash movement for the year		802 672	131 510
Cash at the beginning of the year		1 413 975	1 282 465
Total cash at end of the year	5	2 216 647	1 413 975

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Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the accounting policies chosen by the board of directors as set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

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

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:

Item	Depreciation method	Average useful life
Motor vehicles	Straight line	5
Other property, plant and equipment	Straight line	5

Land is not depreciated.

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.

1.2 Investments

Investments are initially recognised at cost, including transaction costs. After initial recognition investments are measured at their fair values, without any deduction for transaction costs that may be incurred on disposal.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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Annual Financial Statements for the year ended 31 March 2018

Accounting Policies

1.3 Financial instruments (continued)

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Equity instruments that are otherwise be measured reliably 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.

1.4 Reserves

Reserves are set aside for specific projects and all movement in these projects are accounted for through these reserve funds.

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Accounting Policies

1.5 Endowment life rights

Receipts

The endowment received is credited to the endowment fund account in the year the cottage is occupied.

a) 15% Scheme

As from 1 April 1998 a new single formula was introduced whereby the refund on endowments received on cottages endowed from that date will be the balance of the initial endowment less 15% per year or part of the year on the reducing balance method.

Endowment Fund C

On vacating their cottage, the resident will receive a refund in accordance with their agreement, less refurbishing costs, calculated at half percent per year up to the maximum of ten percent of the resident's initial endowment price.

The difference between the initial endowment and the amount due above will be credited to the resident's Greendale House fee account. The credit is only applicable to the resident once permanently residing in the Greendale House and not payable to the resident on leaving Greendale House, nor does this amount form part of the resident's estate.

b) 100 % (Midmar Gardens)

The first residents taking occupation at Midmar Gardens will be refunded the full purchase price as per clause 7 of the memorandum of agreement of sale.

c) 80 : 20 Scheme

From 1st January 2006, all new residents of HADCA are registered under the 80 : 20 scheme. The resident will, upon leaving HADCA, receive 80% of the current selling price of the endowment less refurbishment costs calculated according to the contract.

1.6 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

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 the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.7 Revenue

Revenue is recognised to the extent that the entity has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the entity. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

1.8 Borrowing costs

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

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Accounting Policies

1.9 Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation with the current year.

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Notes to the Annual Financial Statements

2. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	58 630 524	-	58 630 524	58 132 270	-	58 132 270
Motor vehicles	421 881	(340 974)	80 907	421 881	(264 598)	157 283
Other property, plant and equipment	209 594	(96 143)	113 451	177 797	(61 690)	116 107
Total	59 261 999	(437 117)	58 824 882	58 731 948	(326 288)	58 405 660

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Land and buildings	58 132 270	498 254	-	-	58 630 524
Motor vehicles	157 283	-	-	(76 376)	80 907
Other property, plant and equipment	116 107	51 301	(12 161)	(41 796)	113 451
	58 405 660	549 555	(12 161)	(118 172)	58 824 882

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Notes to the Annual Financial Statements

	2018 R	2017 R
2. Property, plant and equipment (continued)		
Details of properties		
Land		
Land situated in the borough of Howick, County of Pietermaritzburg, Province of Kwa-Zulu Natal.		
Elizabeth Gardens, Cloisters, Mews and Greendale House		
Lot 640, in extent, 1.3443 hectares, acquired February 1981 - cost	37 453	37 453
Lot 639, in extent, 1.3100 hectares, acquired February 1986 - cost	38 646	38 646
Lot 641, in extent, 0.5292 hectares, acquired March 1983 - cost	4 899	4 899
Lot 642, in extent, 0.5727 hectares, acquired September 1981 - cost	8 916	8 916
Lot 653, in extent, 1.3060 hectares, acquired July 1989 - cost	142 527	142 527
	<u>232 441</u>	<u>232 441</u>
Lot 640 and 639 are consolidated as Lot 1674. Lot 641 and 642 are consolidated as Lot 1675. Lot 1674, 653, 1675 are consolidated as Lot 1685 in extent 5.1582 hectares.		
Midmar Gardens		
Lot 635, in extent, 2.3033 hectares, acquired November 1999 - cost	185 000	185 000
Portion 7 of Lot 633, in extent, 0.2003 hectares, acquired November 1999 - cost	15 000	15 000
	<u>200 000</u>	<u>200 000</u>
Hayfields House and Hayfields Gardens		
Part Erf 606, (Hayfields House) in extent, 0.3100 hectares, acquired December 2008 - cost	333 000	333 000
Part Erf 606, (Hayfields Gardens) in extent, 1.5501 hectares, acquired December 2008 - cost	1 667 000	1 667 000
	<u>2 000 000</u>	<u>2 000 000</u>
Howick West		
Portion 10 of Erf 47, in extent, 0.1335 hectares, acquired July 2000 - cost	25 000	25 000
Head office		
Portion 1 of Erf 287, in extent, 0.2023 hectares, acquired October 2003 - cost	50 000	50 000

Howick and District Council for the Care of the Aged

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Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
2. Property, plant and equipment (continued)		
Total land	<u>2 507 441</u>	<u>2 507 441</u>
First and further bonds totalling R2 900 000 have been passed over Lot 1685 to secure the banking facilities.		
Buildings		
Elizabeth Gardens	5 320 670	5 320 670
Midmar Gardens	13 375 006	13 375 006
Hayfield Gardens	23 989 723	23 989 723
Greendale House, Cloister and Mews	7 989 724	7 491 470
Hayfields House and Service Centre	4 100 075	4 100 075
Howick West Service Centre	747 159	747 159
Head office	600 726	600 726
	<u>56 123 083</u>	<u>55 624 829</u>
Total land and buildings	<u>58 630 524</u>	<u>58 132 270</u>
3. Other financial assets		
At fair value		
Stanlib Unit Trust	92 534	92 534
Harvard House Investment portfolio at fair value	12 739 462	12 952 600
	<u>12 831 996</u>	<u>13 045 134</u>
Non-current assets		
At fair value	<u>12 831 996</u>	<u>13 045 134</u>
4. Trade and other receivables		
Trade receivables	1 195 798	1 042 516
Deposits	11 090	11 090
South African Revenue Services - Value Added Tax	21 685	-
Other receivable	63 016	6 836
	<u>1 291 589</u>	<u>1 060 442</u>
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	<u>2 216 647</u>	<u>1 413 975</u>

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Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
6. Endowment life rights		
At amortised cost		
80 : 20 Scheme	63 909 247	60 585 226
15 % Scheme	98 278	196 168
	<u>64 007 525</u>	<u>60 781 394</u>
Non-current liabilities		
At amortised cost	<u>64 007 525</u>	<u>60 781 394</u>
7. Interest free deposits		
Opening balance	742 868	886 632
Movement	(95 000)	(143 764)
	<u>647 868</u>	<u>742 868</u>
Interest-free deposits are paid to HADCA by cottage residents when moving to Cloisters, in order to enjoy a discounted monthly rental. This money is repaid when the resident leaves the Cloisters.		
8. Trade and other payables		
Trade payables	870 140	435 138
South African Revenue Services - Value Added Tax	-	42 819
Other payables	2 277 842	2 277 169
	<u>3 147 982</u>	<u>2 755 126</u>
9. Provisions		
Reconciliation of provisions - 2018		
	Opening balance	Additions
Leave pay provision	181 785	9 724
Other provisions	147 830	36 984
	<u>329 615</u>	<u>46 708</u>
		<u>376 323</u>
10. Other income		
Administration and management fees received	9 190	9 042
Donations utilised	31 272	93 742
Excursions and fund raising	19 070	15 007
Investment income	826 644	714 211
Donations and bequests	126 229	61 904
Insurance - refund	57 035	18 699
Recoveries	20 060	(4 999)
Rental income	51 556	43 609
	<u>1 141 056</u>	<u>951 215</u>

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Annual Financial Statements for the year ended 31 March 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
10. Other income (continued)		
Investment income comprises		
Dividends	539 992	439 879
Interest	286 652	274 332
	<u>826 644</u>	<u>714 211</u>
11. Finance costs		
Benevolent fund	57 600	55 200
Levy stabilisation reserve	1 583	32 598
	<u>59 183</u>	<u>87 798</u>
12. Taxation		
<p>Taxation has not been provided as HADCA has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act and receipts and accruals are exempt from tax in terms of section 10(1)(cN) of the Act. Donations by or to HADCA are exempt from tax in terms of section 56(1)(h) of the Income Tax Act.</p>		
13. Cash used in operations		
Deficit before taxation	(2 356 205)	(1 152 668)
Adjustments for:		
Depreciation	118 172	111 934
Loss on sale of assets	6 075	-
Interest received	(826 644)	(714 211)
Finance costs	59 183	87 798
Fair value adjustments	(330 406)	249 501
Movements in provisions	46 708	66 248
Movement in reserves	25 413	(183 198)
Changes in working capital:		
Trade and other receivables	(231 147)	376 242
Trade and other payables	392 856	106 130
	<u>(3 095 995)</u>	<u>(1 052 224)</u>
14. Going concern		
<p>The annual financial statements have been prepared on the going concern basis, since the board of directors have every reason to believe that the entity has adequate resources in place to continue in operation for the foreseeable future.</p>		
15. Events after the reporting period		
<p>The board of directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.</p>		