

Howick and District Council for the Care of the Aged

(Registration number PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements
for the year ended 31 March 2023

DocuSigned by:

Colenbrander Inc

1F52A7E0C59C4DF...

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

General Information

PBO number	PBO 18/11/13/2591; NPO 002-261
Country of incorporation and domicile	South Africa
Nature of business and principal activities	Accommodation, meals and healthcare facilities to the elderly.
Board of directors	M Powell S Houghton S Goodenough P Vogts T Fawdry C Hall S Koch D Wyllie V Rohrs L Soobramoney
Registered office	65 Symmonds Lane Howick 3290
Business address	65 Symmonds Lane Howick 3290
Postal address	P O Box 791 Howick 3290
Bankers	First National Bank Limited
Tax reference number	0497074211
Value Added Taxation reference number	4440102772
PAYE reference number	7560709372
SDL reference number	L560709372
UIF reference number	U560709372
Auditors	Colenbrander Incorporated Chartered Accountants (SA) Registered Auditors

DocuSigned by:
Colenbrander Inc
1F52A7E0C59C4DF...

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

General Information

Preparer

The financial statements were independently compiled by:

R A Lawrence

Chartered Accountant (SA)

Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the constitution.

DocuSigned by:
Colenbrander Inc
1F52A7E0C59C4DF...

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Index

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

	Page
Board of Directors' Responsibilities and Approval	4
Board of Directors' Report	5
Independent Auditor's Report	6 - 9
Statement of Financial Position	10
Statement of Comprehensive Income	11 - 13
Statement of Changes in Equity	14
Statement of Cash Flows	15
Accounting Policies	16 - 21
Notes to the Financial Statements	22 - 27

DocuSigned by:

Colenbrander Inc

1F52A7E0C59C4DF...

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Board of Directors' Responsibilities and Approval

The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis of accounting described in Note 1. The external auditors are engaged to express an independent opinion on the financial statements.

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

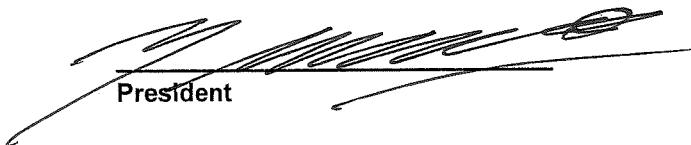
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

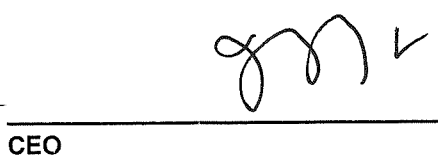
The directors have reviewed the company's cash flow forecast for the year to 31 March 2024 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 6 to 9.

The financial statements set out on pages 10 to 27, which have been prepared on the going concern basis, and the board of directors' report on page 5 were approved by the board of directors on 1-8-2023 and were signed by:



President



CEO

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Board of Directors' Report

The directors have pleasure in submitting their report on the financial statements of Howick and District Council for the Care of the Aged for the year ended 31 March 2023.

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 financial statements have been prepared in accordance with accounting policies chosen by the board of directors. 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 financial statements.

3. Board of Directors

The 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

Names	Changes
M Powell	
S Houghton	
S Goodenough	
P Vogts	
T Fawdry	
C Hall	Appointed 01 March 2023
S Koch	
D Wyllie	
V Rohrs	
L Soobramoney	
H Martin	Resigned 01 March 2023

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. Going concern

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

6. Auditors

Colenbrander Incorporated continued in office as auditors for the entity for 2023.

DocuSigned by:
Colenbrander Inc
1F52A7E0C59C4DF...



Registered Auditors • Chartered Accountants (SA)

PO BOX 456, Hilton 3245
28 Hilton Avenue, Hilton 3245

Tel: 033 343 0800

Fax: 033 343 0811

Email: info@colenbrander.co.za

Web: www.colenbrander.co.za

Tax Practitioners No: PR - 0007575

Practice No: 964107

Independent Auditor's Report

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

Qualified Opinion

We have audited the financial statements of Howick and District Council for the Care of the Aged (the entity) set out on pages 10 to 27, which comprise the statement of financial position as at 31 March 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the 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 financial statements of Howick and District Council for the Care of the Aged for the year ended 31 March 2023 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the financial statements and the requirements of the Non-Profit Organisations Act of 1997.

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 of 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 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

DocuSigned by:
Colenbrander Inc
1F52A7E0C59C4DF...

Proprietor: Colenbrander Incorporated | Reg 2000/002149/21

Directors: Steve Colenbrander • Genevieve Chubb • Matthew Black • Heather Gouweloos
Richard Lawrence • Ernest Pretorius • Claire van Huyssteen • Rentia Vermaak



Registered Auditors ● Chartered Accountants (SA)

PO BOX 456, Hilton 3245
28 Hilton Avenue, Hilton 3245

Tel: 033 343 0800

Fax: 033 343 0811

Email: info@colenbrander.co.za

Web: www.colenbrander.co.za

Tax Practitioners No: PR - 0007575

Practice No: 964107

Independent Auditor's Report

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the entity's own accounting policies to satisfy the financial information needs of the entity's board of directors. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Howick and District Council for the Care of the Aged financial statements for the year ended 31 March 2023", which includes the Board of Directors' Report as required by the Non-Profit Organisations Act 71 of 1997, which we obtained prior to the date of this report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Financial Statements

The directors are responsible for the preparation of the financial statements in accordance with the basis of accounting described in Note 1 to the financial statements and the requirements of the Non-Profit Organisations Act 71 of 1997, for determining that the basis of preparation is acceptable in the circumstance and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Proprietor: Colenbrander Incorporated | Reg 2000/002149/21

Directors: Steve Colenbrander • Genevieve Chubb • Matthew Black • Heather Gouweloos
Richard Lawrence • Ernest Pretorius • Claire van Huyssteen • Rentia Vermaak

DocuSigned by:

Colenbrander Inc

1F52A7E0C59C4DF...



Registered Auditors ● Chartered Accountants (SA)

PO BOX 456, Hilton 3245
28 Hilton Avenue, Hilton 3245

Tel: 033 343 0800

Fax: 033 343 0811

Email: info@colenbrander.co.za

Web: www.colenbrander.co.za

Tax Practitioners No: PR - 0007575

Practice No: 964107

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Proprietor: Colenbrander Incorporated | Reg 2000/002149/21

Directors: Steve Colenbrander • Genevieve Chubb • Matthew Black • Heather Gouweloos
Richard Lawrence • Ernest Pretorius • Claire van Huyssteen • Rentia Vermaak

DocuSigned by:

Colenbrander Inc

1F52A7E0C59C4DF...



Registered Auditors ● Chartered Accountants (SA)

PO BOX 456, Hilton 3245
28 Hilton Avenue, Hilton 3245

Tel: 033 343 0800

Fax: 033 343 0811

Email: info@colenbrander.co.za

Web: www.colenbrander.co.za

Tax Practitioners No: PR - 0007575

Practice No: 964107

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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

DocuSigned by:

Colenbrander Inc

1F52A7E0C59C4DF...

Colenbrander Incorporated

Per: M P Black

Director

Registered Auditors

Chartered Accountants (SA)

Hilton

Date: 21 August 2023 | 13:54 SAST

Proprietor: Colenbrander Incorporated | Reg 2000/002149/21

Directors: Steve Colenbrander • Genevieve Chubb • Matthew Black • Heather Gouweloos
Richard Lawrence • Ernest Pretorius • Claire van Huyssteen • Rentia Vermaak

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Statement of Financial Position as at 31 March 2023

	Notes	2023 R	2022 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	102 112 563	101 662 907
Other financial assets	3	17 835 505	18 015 267
		119 948 068	119 678 174
Current Assets			
Trade and other receivables	4	2 003 757	1 758 537
Cash and cash equivalents	5	1 652 818	1 543 602
		3 656 575	3 302 139
Total Assets		123 604 643	122 980 313
Equity and Liabilities			
Equity			
Reserves		44 600 079	44 478 250
Accumulated loss		(5 709 103)	(3 085 721)
		38 890 976	41 392 529
Liabilities			
Non-Current Liabilities			
Endowment life rights	6	80 198 655	77 646 478
Interest free deposits	7	610 000	485 000
		80 808 655	78 131 478
Current Liabilities			
Trade and other payables	8	3 552 574	3 102 363
Provisions	9	352 438	353 943
		3 905 012	3 456 306
Total Liabilities		84 713 667	81 587 784
Total Equity and Liabilities		123 604 643	122 980 313

DocuSigned by:

Colenbrander Inc

1F52A7E0C59C4DF...

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Statement of Comprehensive Income

	2023 R	2022 R
Revenue		
Administration and residential fees	11 192 241	11 275 162
Home help and clinic	2 522	-
Income from meals	193 708	162 278
Levies	2 992 316	2 859 231
Respite	126 086	118 672
Subscriptions	26 420	23 960
	14 533 293	14 439 303
Other income		
Donation and bequests	24 419	19 252
Excursions and fund raising	18 750	14 200
Insurance - refund	47 164	56 800
Interest - debtors	14 716	8 995
Interest - levy funds	2 727	1 179
Investment income	1 304 616	952 319
Medical expenses over recovered	-	11 330
Rental income	121 074	59 895
Subsidy - Department of Welfare	-	194 225
Waiting list fees	14 340	7 948
Profit on sale of investment	952 255	245 793
Other income	17 999	-
	2 518 060	1 571 936
Total income	17 051 353	16 011 239
Expenses (Refer to page 13)	(16 769 396)	(17 911 299)
Operating profit (loss)	281 957	(1 900 060)
Finance costs	(65 132)	(60 000)
Net surplus / (deficit) before transfer to funds and reserves	216 825	(1 960 060)
Loss on endowments		
Endowment income and refurbishing recoveries	2 272 022	4 830 750
Less: Endowment costs	(1 983 824)	(4 664 063)
Less: Refurbishing costs	(1 687 034)	(867 920)
	(1 398 836)	(701 233)

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Statement of Comprehensive Income

	2023 R	2022 R
Changes on investments		
Fair value adjustments	(1 208 864)	2 708 575
Loss on sale of investment	(197 409)	(178 121)
	<u>(1 406 273)</u>	<u>2 530 454</u>
Specified funds received		
Donation received	-	-
Transfer to benevolent fund	-	-
	<u>-</u>	<u>-</u>
Net deficit before transfer to funds and reserves	<u>(2 588 284)</u>	<u>(130 839)</u>
Transfer to levy stabilisation fund	(50 501)	(31 603)
Net deficit for the year	<u>(2 638 785)</u>	<u>(162 442)</u>

DocuSigned by:

Colenbrander Inc

1F52A7E0C59C4DF...

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Statement of Comprehensive Income

	Note	2023 R	2022 R
Operating expenses			
Accounting fees - current		22 900	21 200
Accounting fees - other services		2 410	12 741
Administration fees		29 728	27 461
Advertising		73 569	45 715
Affiliation fees		5 033	5 450
Ambulance costs		36 026	32 969
Auditor's remuneration		53 600	49 600
Bad debts		-	1 100
Bank charges		50 655	41 702
Cleaning		155 195	160 629
Cleaning service		701 061	727 797
Computer expenses		49 667	51 887
Depreciation	2	37 069	47 094
Employee costs		8 102 169	9 311 729
Endowment 'C' Fund		-	78 184
Food and groceries		1 449 736	1 376 084
Garden service		1 337 633	1 238 316
Gas		80 103	59 108
Insurance		336 374	315 090
Kitchenware		23 534	19 254
Laundry services		225 248	388 091
Licences and legal costs		4 782	5 725
Loose tools and consumables		10 310	3 543
Loss on sale of property, plant and equipment		-	641
Management fees		150 000	209 558
Medical expenses		16 372	-
Other expenses		5 525	-
Pandemic costs		4 606	96 783
Petrol and oil		85 577	-
Printing and stationery		34 351	35 954
Professional fees		-	15 941
Rates		238 508	260 927
Refurbishing - frail care		156 102	233 742
Rental - equipment		788 262	699 549
Repairs and maintenance		544 781	562 644
Respite costs		37 752	46 668
Security		801 141	727 188
Small assets		10 646	60 169
Telephone and calls		73 715	117 932
Time share levies		3 245	4 753
Transport and freight		70 719	78 557
Water, electricity, sewage and refuse removal		961 292	739 824
		16 769 396	17 911 299

DocuSigned by:

Colenbrander Inc

1F52A7E0C59C4DF...

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Statement of Changes in Equity

	Benevolent funds		Revaluation reserve		Levy stabilisation reserve		Elaine Mariott Trust		Asset replacement reserve		Total reserves		Accumulated loss		Total equity	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
Balance at 01 April 2021	1 809 080	39 200 931	1 184 598	97 095	2 037 879	44 329 583	(2 915 672)	41 413 911								
Deficit for the year	-	-	-	-	-	-	(130 839)	(130 839)								(130 839)
Interest on funds	60 000	-	-	-	-	60 000	-	60 000								60 000
Net transfer to / (from) funds	-	-	31 603	-	-	31 603	(31 603)	-								-
Movement in bequests and funds	-	-	33 842	-	15 615	49 457	-	49 457								49 457
Reallocation of reserves	-	-	-	-	7 607	7 607	(7 607)	-								-
Balance at 01 April 2022	1 869 080	39 200 931	1 250 043	97 095	2 061 101	44 478 250	(3 085 721)	41 392 529								
Deficit for the year	-	-	-	-	-	-	(2 638 785)	(2 638 785)								(2 638 785)
Interest on funds	60 000	-	76 787	-	-	136 787	-	136 787								136 787
Transfer to provision	-	-	-	-	-	-	15 403	15 403								15 403
Transfers to / (from) funds	-	-	40 500	-	-	40 500	-	40 500								40 500
Movement in bequests and funds	-	-	-	(15 015)	(40 443)	(55 458)	-	(55 458)								(55 458)
Balance at 31 March 2023	1 929 080	39 200 931	1 367 330	82 080	2 020 658	44 600 079	(5 709 103)	38 890 976								

DocuSigned by:

Colenbrander Inc

1F52A7E0C59C4DF...

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Statement of Cash Flows

	Notes	2023 R	2022 R
Cash flows from operating activities			
Cash used in operations	11	(1 909 821)	(4 260 296)
Interest income		8 347	20 580
Net cash from operating activities		(1 901 474)	(4 239 716)
Cash flows from investing activities			
Purchase of property, plant and equipment		(486 725)	(2 136 875)
Sale of property, plant and equipment		-	696
Net movement in financial assets		(179 762)	1 005 583
Net cash from investing activities		(666 487)	(1 130 596)
Cash flows from financing activities			
Movement in endowment life rights		2 552 177	4 019 952
Movement in interest free deposits		125 000	54 015
Net cash from financing activities		2 677 177	4 073 967
Total cash movement for the year		109 216	(1 296 345)
Cash at the beginning of the year		1 543 602	2 839 947
Total cash at end of the year	5	1 652 818	1 543 602

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the accounting policies as set out below. The financial statements have been prepared on the historical cost basis. 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 are required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 9 - Provisions.

Fair value estimation

Several assets of the company are measured at fair value.

The valuation process requires management to always first consider whether there is a quoted price in an active market for an identical or similar asset. If no such quoted price exists, then the fair value is determined by reference to a recent binding sale agreement or a recent transaction for an identical or similar asset.

1.2 Property, plant and equipment

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

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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.

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.2 Property, plant and equipment (continued)

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

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the net revalued carrying amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation reserve in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. Any remaining decrease in excess of such credit is recognised in profit or loss in the current year.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the entity.

The useful lives of items of property, plant and equipment have been assessed as follows:

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

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

DocuSigned by:

Colenbrander Inc

1F52A7E0C59C4DF...

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.2 Property, plant and equipment (continued)

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss, equal to the excess of the carrying amount over the recoverable amount, is recognised immediately in profit or loss for assets which are not revalued. In the case of revalued assets, the impairment loss is recognised in other comprehensive income and accumulated in the revaluation reserve in equity against any existing credit relating to the same asset. Any remaining impairment loss is recognised in profit or loss.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.3 Investments

Investments are initially measured 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.

1.4 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.

Financial instruments at amortised cost

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

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

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.4 Financial instruments (continued)

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

1.5 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

1.6 Reserves

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

DocuSigned by:
Colenbrander Inc
1F52A7E0C59C4DF...

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.7 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 residents 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 residents's estate.

b) 80:20 Scheme

From the 1st of 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. This scheme was discontinued on the 31st of October 2018.

c) 100%

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. With effect from the 1st of November 2018, all residents purchasing life rights are registered on the 100% refund scheme.

d) 100% less refurbishment costs

From the 1st of November 2021, the above scheme was replaced by the 100% scheme whereby residents who sign up after this date receive their full 100% endowment upon leaving, less refurbishment costs at 0.5% per annum of the departing resident's endowment up to a maximum of 10%.

1.8 Provisions

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 not recognised for future operating losses.

1.9 Revenue

Revenue is recognised to the extent that the company 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 company. Revenue is measured at the fair value of the consideration received or receivable, after sales taxes and discounts.

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

DocuSigned by:
Colenbrander Inc
1F52A7E0C59C4DF...

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Accounting Policies

1.10 Borrowing costs

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

1.11 Comparative figures

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

DocuSigned by:
Colenbrander Inc
1F52A7E0C59C4DF...

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

2. Property, plant and equipment

	2023			2022		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	102 036 754	-	102 036 754	101 550 029	-	101 550 029
Motor vehicles	321 881	(291 881)	30 000	321 880	(291 880)	30 000
Computer equipment	38 036	(30 324)	7 712	38 036	(24 259)	13 777
Other property, plant and equipment	340 765	(302 668)	38 097	340 764	(271 663)	69 101
Total	102 737 436	(624 873)	102 112 563	102 250 709	(587 802)	101 662 907

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Closing balance
Land and buildings	101 550 029	486 725	-	102 036 754
Motor vehicles	30 000	-	-	30 000
Computer equipment	13 777	-	(6 065)	7 712
Other property, plant and equipment	69 101	-	(31 004)	38 097
	101 662 907	486 725	(37 069)	102 112 563

2023
R **2022**
R

Details of properties

Land and buildings

Land situated in the Borough of Howick, County of Pietermaritzburg, Province of KwaZulu-Natal.

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
	232 441	232 441

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.

DocuSigned by:
Colenbrander Inc
1F52A7E0C59C4DF...

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

	2023 R	2022 R
2. Property, plant and equipment (continued)		
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
	200 000	200 000
Hayfields House and Hayfields Gardens		
Part Erf 606, (Hayfields House) in extent, 0.3100 hectares, acquired December 2008 - cost 2005	333 000	333 000
Part Erf 606, (Hayfields Gardens) in extent, 1.5501 hectares, acquired December 2008 - cost	1 667 000	1 667 000
	2 000 000	2 000 000
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
Total land	2 507 441	2 507 441
First and further bonds totaling R2 900 000 have been passed over Lot 1685 to secure the banking facilities.		
Buildings		
Elizabeth Gardens	6 586 954	6 450 948
Annexe	227 648	-
Midmar Gardens	13 376 806	13 376 806
Hayfields Gardens	26 391 055	26 385 766
Greendale House, Cloister and Mews	7 960 630	7 842 848
Hayfields Clubhouse and Service Centre	4 433 075	4 433 075
Howick West Service Centre	745 358	745 358
Head office	606 856	606 856
	60 328 382	59 841 657

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

	2023 R	2022 R
2. Property, plant and equipment (continued)		
Revaluations		
Elizabeth Gardens	29 277 737	29 277 737
Midmar Gardens	9 923 194	9 923 194
	39 200 931	39 200 931
Land and buildings were revalued in 2020 in accordance with municipal valuations obtained.		
Total land and buildings	102 036 754	101 550 029
3. Other financial assets		
At fair value		
Stanlib Unit Trust	-	90 012
Harvard House Investment portfolio	17 835 505	17 925 255
	17 835 505	18 015 267
Non-current assets		
At fair value	17 835 505	18 015 267
4. Trade and other receivables		
Deposits	54 766	54 766
South African Revenue Service - Value Added Tax	67 423	394 443
South African Revenue Service Dispute - Value Added Tax	254 200	-
Staff loans	-	1 300
Trade receivables	1 627 368	1 308 028
	2 003 757	1 758 537
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	-	300
Bank balances	1 652 818	1 543 302
	1 652 818	1 543 602

The entity's facilities are as follows:

Short-term Direct Facility: FNB Fleet Card of R20 000

Overdraft facility of R 1 000 000, which is secured as follows:

- Mortgage bond over Lot 1685, Howick of R2 900 000

DocuSigned by:
Colenbrander Inc
 1F52A7E0C59C4DF...

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

	2023 R	2022 R
6. Endowment life rights		
15% Scheme	10 995	22 523
80:20 Scheme	52 928 243	57 547 084
100% Scheme	18 795 151	18 888 151
100% less refurbishing costs Scheme	8 464 266	1 188 720
At amortised cost	80 198 655	77 646 478
Non-current liabilities		
At amortised cost	80 198 655	77 646 478
7. Interest free deposits		
Cloisters		
Opening balance	485 000	430 985
Movement	35 000	54 015
	520 000	485 000
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.		
Annexe		
Movement	90 000	-
Interest - free deposits are paid to HADCA by residents when moving to Annexes, in order to enjoy a discounted monthly rental. This money is repaid when the resident leaves the Annexe.		
8. Trade and other payables		
Trade payables	834 148	906 647
Other payables	2 718 426	2 195 716
	3 552 574	3 102 363

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

9. Provisions

Reconciliation of provisions - 2023

	Opening balance	Additions	Utilised during the year	Closing balance
Provision for accounting fees	21 200	22 900	(21 200)	22 900
Leave pay provision	150 094	109 948	(150 093)	109 949
Other provisions	133 049	165 989	(133 049)	165 989
Provision for auditing fees	49 600	53 600	(49 600)	53 600
	353 943	352 437	(353 942)	352 438

The audit and accounting fee provision represents management's best estimate of the entity's liability to have its annual financial statements audited and prepared. The provision is expected to be settled within 12 months.

10. Taxation

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.

11. Cash used in operations

	2023 R	2022 R
Loss before taxation	(2 638 785)	(130 838)
Adjustments for:		
Depreciation	37 069	47 094
Profit on sale of assets	(952 255)	(245 152)
Dividends received	(939 441)	(605 652)
Interest received	(365 175)	(346 667)
Finance costs	65 132	60 000
Fair value adjustments	1 208 864	(2 708 576)
Movements in provisions	(1 505)	(53 381)
Movement in reserves	(55 458)	49 457
Other non-cash items - movement in financial assets	1 526 742	-
Changes in working capital:		
Trade and other receivables	(245 220)	(206 733)
Trade and other payables	450 211	(119 848)
	(1 909 821)	(4 260 296)

DocuSigned by:

Colenbrander Inc

1F52A7E0C59C4DF...

Howick and District Council for the Care of the Aged

(Registration number: PBO 18/11/13/2591; NPO 002-261)

Annual Financial Statements for the year ended 31 March 2023

Notes to the Financial Statements

12. Contingencies

During the current period, South African Revenue Service has disallowed the expenses of the entity declared on four periods worth of VAT201's. As per the entity's VAT201's the balance due from South African Revenue Service is R254 200. The entity is in dispute with South African Revenue Service on this matter. The matter is still pending at year end, however as expenses have been allowed in previous years by South African Revenue Service, thus management are confident that they will recover these funds.

13. Going concern

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

14. 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.

DocuSigned by:

Colenbrander Inc

1F52A7E0C59C4DF...