Claremont Improvement District Company (Non-Profit Company)
(Registration number 2000/029184/08)
Annual Financial Statements
for the year ended 30 June 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To provide Community-based Private Urban Management within the public areas of Claremont
Directors	F Behardien GR Hiscock G Huntingford M Nixon DS Stoll C Vaskys
Registered office	25 Stegman Road Claremont 7708
Auditors	BDO South Africa Incorporated Registered Auditors
Company registration number	2000/029184/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were independently compiled by: KAS Drafting Proprietary Limited H Abbas Chartered Accountant (SA)
Issued	26 August 2021

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BDO

Independent Auditor's Report

To the directors of

Claremont Improvement District Company (Non-Profit Company)

Opinion

We have audited the financial statements of Claremont Improvement District Company (Non-Profit Company) (the company) set out on pages 7 to 16, which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Claremont Improvement District Company (Non-Profit Company) as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the 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 opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Claremont Improvement District Company (Non-Profit Company) Annual Financial Statements for the year ended 30 June 2021", which includes the Directors' Report as required by the Companies Act of South Africa. 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 and fair presentation of the financial statements in accordance with *International Financial Reporting Standard for Small and Medium-sized Entities* and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of the 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 company or to cease operations, or have no realistic alternative but to do so.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO South Africa Incorporated

BDO South Africa Incorporated
Registered Auditors

Karlien Groenewald
Director
Registered Auditor

26 August 2021

119-123 Hertzog Boulevard
Foreshore
Cape Town, 8001

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 30 June 2022 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 annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 3 to 4.

The annual financial statements set out on pages 7 to 17, which have been prepared on the going concern basis, were approved by the board of directors on 25 August 2021 and were signed on its behalf by:

Approval of annual financial statements

Director

Director

Cape Town

Directors' Report

The directors submit their report for the year ended 30 June 2021.

1. Review of activities

Main business and operations

The company is engaged in supporting the existing and future environment of the Claremont area, through programs to ensure that the public space is safe, clean, attractive, exciting, entertaining and user-friendly, ensuring that the various bodies and authorities meet their responsibilities, assisting wherever possible and protecting and enhancing the existing asset base, thereby enhancing the area and seeking to attract new investment, tenants and customers.

The company operates in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

The net surplus of the company was R 742 215 (2020: R 513 223).

2. Going concern

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

3. Events after the reporting period

The directors are not aware of any significant matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or the company annual financial statements, which significantly affect the financial position of the company or the results of it operations to the date of this report

4. Dividends

No dividends were declared or paid to the shareholder during the year.

5. Directors

The directors of the company during the year and to the date of this report are as follows:

Directors	Changes
F Behardien	
N Gardner	Resigned Thursday, 17 December 2020
GR Hiscock	
G Huntingford	
M Nixon	
DS Stoll	
C Vaskys	

6. Auditors

BDO South Africa Incorporated will continue in office in accordance with section 90 of the Companies Act of South Africa.

7. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act of South Africa.

Statement of Financial Position as at 30 June 2021

Figures in Rand	Notes	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment	2	141 666	187 910
Current Assets			
Trade and other receivables	3	39 964	4 500
Cash and cash equivalents	4	7 083 896	6 142 373
		7 123 860	**6 146 873**
Total Assets		**7 265 526**	**6 334 783**
Equity and Liabilities			
Equity			
Retained income		6 036 358	5 294 143
Liabilities			
Current Liabilities			
Trade and other payables	5	625 836	444 783
Operating lease liability		932	932
Provisions	6	602 400	594 925
		1 229 168	**1 040 640**
Total Equity and Liabilities		**7 265 526**	**6 334 783**

Statement of Comprehensive Income

Figures in Rand	Notes	2021	2020
Revenue	7	10 350 082	9 325 152
Other income	8	48 000	466 163
Operating expenses		(9 850 852)	(9 604 870)
Operating surplus	9	**547 230**	**186 445**
Investment revenue	10	194 985	326 778
Surplus for the year		**742 215**	**513 223**
Other comprehensive income		-	-
Total comprehensive income for the year		**742 215**	**513 223**

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 July 2019	**4 780 920**	**4 780 920**
Surplus for the year	513 223	513 223
Other comprehensive income	-	-
Total comprehensive income for the year	**513 223**	**513 223**
Balance at 01 July 2020	**5 294 143**	**5 294 143**
Surplus for the year	742 215	742 215
Other comprehensive income	-	-
Total comprehensive income for the year	**742 215**	**742 215**
Balance at 30 June 2021	**6 036 358**	**6 036 358**

Statement of Cash Flows

Figures in Rand	Notes	2021	2020
Cash flows from operating activities			
Cash generated from operations	12	764 371	636 189
Interest income		194 985	326 778
Net cash from operating activities		**959 356**	**962 967**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(17 833)	(164 505)
Cash flows from financing activities			
Repayment of loan from related party		-	(260 929)
Net cash from financing activities		**-**	**(260 929)**
Total cash movement for the year		**941 523**	**537 533**
Cash at the beginning of the year		6 142 373	5 604 840
Total cash at end of the year	4	**7 083 896**	**6 142 373**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standard for Small and Medium-sized Entities ("IFRS for SME's") effective at the time of preparing these annual financial statements and the Companies Act of South Africa of South Africa, as amended.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note First-time adoption of International Financial Reporting Standard for Small and Medium-sized Entities.

1.2 Property, plant and equipment

Property, plant and equipment are initially measured at cost less accumulated depreciation and any impairment losses.

Impairment losses and reversal of impairment losses are recognised in the statement of comprehensive income.

Plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

Item	Average useful life
Computer Equipment	3 - 8 years
Leasehold improvements	2 - 4 years
Office equipment	6 years
Security Trailer	5 years

1.3 Financial instruments

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 3).

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

Trade and other receivables are subsequently measured at amortised cost.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

Accounting Policies

1.3 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 5), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Trade and other payables are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

Trade and other payables are subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

1.5 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Accounting Policies

1.6 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a service to a customer.

1.7 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

2. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Computer equipment	137 295	(98 128)	39 167	137 294	(82 728)	54 566
Leasehold improvements	688 129	(688 127)	2	688 129	(688 127)	2
Security equipment	17 833	(2 378)	15 455	-	-	-
Security trailer	409 457	(322 415)	87 042	409 457	(276 115)	133 342
Total	**1 252 714**	**(1 111 048)**	**141 666**	**1 234 880**	**(1 046 970)**	**187 910**

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Closing balance
Computer equipment	54 566	-	(15 399)	39 167
Leasehold improvements	2	-	-	2
Security equipment	-	17 833	(2 378)	15 455
Security trailer	133 342	-	(46 300)	87 042
	187 910	**17 833**	**(64 077)**	**141 666**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Computer equipment	6 930	61 000	(13 364)	54 566
Leasehold improvements	2	-	-	2
Security trailer	67 963	103 505	(38 126)	133 342
	74 895	**164 505**	**(51 490)**	**187 910**

3. Trade and other receivables

	2021	2020
Trade receivables	22 900	-
Prepayments	12 564	-
Deposits	4 500	4 500
	39 964	**4 500**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2021	2020
Bank balances	7 077 896	6 136 373
Cash on hand	6 000	6 000
	7 083 896	**6 142 373**

5. Trade and other payables

	2021	2020
Accrued expense	152 190	123 750
Accrued leave pay	159 069	109 162
Other payables	278 819	198 820
VAT	35 758	13 051
	625 836	**444 783**

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

6. Provisions

Reconciliation of provisions - 2021

	Opening balance	Additions	Utilised during the year	Total
Audit fee provision	45 000	51 750	(45 000)	51 750
Bonus provision	113 625	-	(113 625)	-
Drafting fee provision	4 300	4 650	(4 300)	4 650
Utilities provision	432 000	114 000	-	546 000
	594 925	**170 400**	**(162 925)**	**602 400**

Reconciliation of provisions - 2020

	Opening balance	Additions	Utilised during the year	Total
Audit fee provision	40 500	45 000	(40 500)	45 000
Drafting fee provision	4 000	4 300	(4 000)	4 300
Provisions for employee benefits	170 500	113 625	(170 500)	113 625
Utilities provision	324 000	108 000	-	432 000
	539 000	**270 925**	**(215 000)**	**594 925**

7. Revenue

	2021	2020
Rendering of services	10 350 082	9 325 152

Revenue comprises of Improvement District rates received from the Cape Town City Council, excluding value added taxation.

The City of Cape Town retains 3% of the revenue for probable bad debts and revenue is recognised at 97% which is considered to be the fair value of the consideration receivable on a cash basis.

8. Other operating income

	2021	2020
Retention refund	-	418 163
Sponsorship income	48 000	48 000
	48 000	**466 163**

9. Operating surplus

Operating surplus for the year is stated after accounting for the following:

	2021	2020
Operating lease charges		
Premises		
• Contractual amounts	22 847	21 162
Depreciation on property, plant and equipment	64 077	51 490
Employee costs	1 636 687	1 496 306

10. Investment revenue

	2021	2020
Interest revenue		
Other interest	194 985	326 778

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

11. Taxation

No provision has been made for 2020 tax as the company is a public benefit organisation and is therefore exempt from taxation in terms of Section 10(1)(cN) of the Income Tax Act.

12. Cash generated from operations

Profit before taxation	742 215	513 223
Adjustments for:		
Depreciation	64 077	51 490
Interest received	(194 985)	(326 778)
Movements in operating lease assets and accruals	-	7
Movements in provisions	7 475	55 925
Other non-cash items	-	(1 326)
Changes in working capital:		
Trade and other receivables	(35 464)	30 489
Trade and other payables	181 053	313 159
	764 371	**636 189**

13. Commitments

The company has ceded their right and title to the rates collected by the City of Cape Town from the Claremont Improvement District ratepayers in terms of the co-operation agreements with Claremont Road Bypass Company, in favour of the Development Bank of South Africa Limited to secure the loan obligation of the latter company.

Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	-	12 898

Operating lease payments represent rentals payable by the company for its office. Leases are negotiated for an average term of three years and rentals are subject to an escalation of 8% (2019: 8%) per annum. No contingent rent is payable.

14. Contingent asset

As at the year end, the company has a contingent asset of R 1,008,882 (2020: R 620,945) in respect of amounts retained by the City of Cape Town, as a provision for bad debts.

It is probable that R 756,661 (2020: R 465,708) of this amount will be receivable in the coming financial year (VAT inc.).

15. Related parties

Relationships

Entities with common directorship	Claremont Road Bypass Company (Non-Profit Company)

16. Directors' emoluments

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

Detailed Income Statement

Figures in Rand	Notes	2021	2020
Revenue			
Rendering of services		10 350 082	9 325 152
Other operating income			
Retention refund		-	418 163
Sponsorship income		48 000	48 000
		48 000	**466 163**
Operating expenses			
Accounting fees		(114 706)	(80 199)
Administration and management fees		(1 678)	(7 634)
Advertising		(127 544)	(178 184)
Auditors remuneration		(51 750)	(45 000)
Bank charges		(3 082)	(4 932)
Cleaning		(2 024 633)	(1 990 163)
Computer expenses		(30 138)	(26 838)
Depreciation		(64 077)	(51 490)
Employee costs		(1 636 687)	(1 496 306)
Entertainment		(3 850)	(8 912)
Social upliftment expense		(170 667)	(164 267)
Building staff cost		(1 192)	(30 223)
Insurance		(26 705)	(21 462)
Lease rentals on operating lease		(22 847)	(21 162)
Motor vehicle expenses		(94 848)	(125 259)
Utilities		(114 000)	(108 000)
Postage		-	(465)
Printing and stationery		(10 524)	(14 696)
Repairs and maintenance		(22 485)	(41 694)
Security		(5 286 955)	(5 133 587)
Telephone and fax		(42 484)	(54 397)
		(9 850 852)	**(9 604 870)**
Operating surplus		**547 230**	**186 445**
Investment income		194 985	326 778
Surplus for the year		**742 215**	**513 223**

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