Claremont Road Bypass Company
(Non-Profit Company)
(Registration number 2005/012793/08)
Annual Financial Statements
for the year ended 30 June 2019

Index

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Independent Auditor's Report
To the directors of
Claremont Road Bypass Company (Non-Profit Company)

Opinion

We have audited the financial statements of Claremont Road Bypass Company (Non-Profit Company) set out on pages 8 to 21, which comprise the statement of financial position as at 30 June 2019, 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 Road Bypass Company (Non-Profit Company) as at 30 June 2019 , 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 for 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) respectively. 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 Road Bypass Company (Non-Profit Company) Annual Financial Statements for the year ended 30 June 2019", 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 the 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 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 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 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 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.
- 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 Inc.

BDO South Africa Incorporated
Registered Auditors

Yolanda Weaver-Sasman
Partner
Registered Auditor

26 August 2019

6th Floor, BDO House
119-123 Hertzog Boulevard
Foreshore
Cape Town
8001

Directors' Responsibilities and Approval

The directors are required in terms of 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 Standards. 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 Standards 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 next 12 months from signature of this report and, in light of this review and the current financial position, they are satisfied that the company has or had 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 5.

The annual financial statements set out on pages 7 to 22, which have been prepared on the going concern basis, were approved by the board of directors on 23 August 2019 and were signed on their behalf by:

DS Stoll	**A Kerbelker**

Cape Town

23 August 2019

Directors' Report

The directors submit their report for the year ended 30 June 2019.

1. Review of activities

Main business and operations

The company's nature of business is to carry out development of the Claremont Road Bypass project and other related community services and operates in South Africa.

The 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 profit of the company was R 3 070 741 (2018: R 2 753 426).

2. Going concern

We draw attention to the fact that at 30 June 2019, the company had accumulated losses of R 879 118 (2018: R 3 949 859) and that the company's total liabilities exceed its assets by R 879 118 (2018: R 3 949 859).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This presumes that management does not intend to cease business operations in the foreseeable future.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the cession in favour of the Development Bank of South Africa will remain in place for as long as is necessary, refer to note 6.

3. 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.

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
A Kerbelker
DS Stoll
C Vaskys

6. Auditors

BDO South Africa Inc. 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 2019

Figures in Rand	Notes	2019	2018
Assets			
Current Assets			
Loans to related party	3	260 929	254 050
Trade and other receivables	4	8 261	-
Cash and cash equivalents	5	7 367 392	6 001 393
		7 636 582	**6 255 443**
Equity and Liabilities			
Equity			
Accumulated loss		(879 118)	(3 949 859)
Liabilities			
Non-Current Liabilities			
Other financial liabilities	6	6 648 351	8 489 411
Current Liabilities			
Other financial liabilities	6	1 803 728	1 654 017
Trade and other payables	7	40 121	40 874
Provisions	8	23 500	21 000
		1 867 349	**1 715 891**
Total Liabilities		**8 515 700**	**10 205 302**
Total Equity and Liabilities		**7 636 582**	**6 255 443**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Notes	2019	2018
Revenue	9	3 424 508	3 277 041
Other income		167 421	217 133
Operating expenses		(56 806)	(30 792)
Operating profit	10	**3 535 123**	**3 463 382**
Investment income	11	347 223	243 635
Finance costs	12	(811 605)	(953 591)
Profit for the year		**3 070 741**	**2 753 426**
Other comprehensive income		-	-
Total comprehensive income for the year		**3 070 741**	**2 753 426**

Statement of Changes in Equity

Figures in Rand	Accumulated loss	Total equity
Balance at 01 July 2017	**(6 703 285)**	**(6 703 285)**
Total comprehensive income for the year	2 753 426	2 753 426
Balance at 01 July 2018	**(3 949 859)**	**(3 949 859)**
Total comprehensive income for the year	3 070 741	3 070 741
Balance at 30 June 2019	**(879 118)**	**(879 118)**

Statement of Cash Flows

Figures in Rand	Notes	2019	2018
Cash flows from operating activities			
Cash generated from operations	14	3 528 609	3 472 749
Interest income		347 223	243 635
Finance costs		(811 605)	(953 591)
Net cash from operating activities		**3 064 227**	**2 762 793**
Cash flows from investing activities			
Loans to related party repaid		-	341 776
Loans advanced to related party		(6 879)	-
Net cash (used in) from investing activities		**(6 879)**	**341 776**
Cash flows from financing activities			
Repayment of other financial liabilities		(1 691 349)	(1 549 364)
Net cash used in financing activities		**(1 691 349)**	**(1 549 364)**
Total cash movement for the year		**1 365 999**	**1 555 205**
Cash at the beginning of the year		6 001 393	4 446 188
Total cash at end of the year	5	**7 367 392**	**6 001 393**

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 Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and 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 IFRS 9 and IFRS 15.

1.2 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 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:

Loans receivable at amortised cost

Classification

Loans to related parties are classified as financial assets subsequently measured at amortised cost.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

Loans receivable are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Other financial liabilities

Classification

Other financial liabilities (note 6) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Other financial liabilities and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 12.)

Accounting Policies

1.2 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 7), 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.

1.3 Financial instruments: IAS 39 comparatives

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.4 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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Accounting Policies

1.4 Provisions and contingencies (continued)

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 17.

1.5 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.

1.6 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

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• IFRS 9 Financial Instruments	01 January 2018	The impact of the standard is not material.
• IFRS 15 Revenue from Contracts with Customers	01 January 2018	The impact of the standard is not material.

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

3. Loan to related party

Common controlled entity

Claremont Improvement District Company	260 929	254 050
The loan is unsecured, bears no interest and no repayment date has been determined.		

Fair value of related party loan receivable

The fair value of related party loan receivable approximates its carrying amount.

4. Trade and other receivables

Non-financial instruments:		
Prepayments	8 261	-
Total trade and other receivables	**8 261**	**-**

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	7 367 392	6 001 393

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings or historical information about counterparty default rates:

Credit rating		
Nedbank Limited (Baa3)	7 367 392	6 001 393

6. Other financial liabilities

Held at amortised cost		
Development Bank of South Africa	8 452 079	10 143 428

Split between non-current and current portions

Non-current liabilities	6 648 351	8 489 411
Current liabilities	1 803 728	1 654 017
	8 452 079	**10 143 428**

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

6. Other financial liabilities (continued)

Interest is charged at a nominal fixed rate of R186 (2018: R186) plus 154 (2018:154) basis points per annum.

Repayable in 28 equal six-monthly instalments, commencing on 30 September 2009.

Secured by an agreement of cession from Claremont Improvement District Company (Non-Profit Company) (Cedent), over their right and title to the levies collected by the City of Cape Town from the Claremont Improvement District rate payers in terms of the co-operation agreement.

The cedent, the company and the City of Cape Town concluded a co-operation agreement in terms of which, the City of Cape Town undertook to pay to the cedent levies collected from the rate payers within the Claremont Improvement District.

7. Trade and other payables

	2019	2018
Financial instruments:		
Accrued expenses	629	-
Non-financial instruments:		
VAT	39 492	40 874
	40 121	**40 874**

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

8. Provisions

Reconciliation of provisions - 2019

	Opening balance	Additions	Utilised during the year	Total
Audit fee provision	17 750	19 500	(17 750)	19 500
Drafting fee provision	3 250	4 000	(3 250)	4 000
	21 000	**23 500**	**(21 000)**	**23 500**

Reconciliation of provisions - 2018

	Opening balance	Additions	Utilised during the year	Total
Audit fee provision	15 930	17 750	(15 930)	17 750
Drafting fee provision	-	3 250	-	3 250
	15 930	**21 000**	**(15 930)**	**21 000**

9. Revenue

	2019	2018
Revenue from contracts with customers		
Rendering of services	3 424 508	3 277 041

Revenue comprises Improvement District rates received from the City of 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.

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

10. Operating profit

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration		
Audit fees	17 750	24 570

11. Investment income

Interest income		
Interest received	347 223	243 635

12. Finance costs

Other financial liabilities	811 605	953 591

13. Taxation

No provision has been made for 2019 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.

14. Cash generated from operations

Profit before taxation	3 070 741	2 753 426
Adjustments for:		
Interest income	(347 223)	(243 635)
Finance costs	811 605	953 591
Movements in provisions	2 500	5 070
Changes in working capital:		
Trade and other receivables	(8 261)	-
Trade and other payables	(753)	4 297
	3 528 609	**3 472 749**

15. Related parties

Relationships

Common controlled entity	Claremont Improvement District Company (Non-profit company)

Related party balances

Loan accounts - Owing by related party		
Claremont Improvement District Company (Non-Profit Company)	260 929	254 050

16. Directors' emoluments

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

17. Contingent asset

As at the year end, the company has a contingent asset of R 229 870 (2018: R 350 790) in respect of amounts retained by the City of Cape Town, as a provision for bad debts.

It is probable that R 172 403 (2018: R 190 965) of this amount will be receivable in the coming financial year (VAT inc.).

Notes to the Annual Financial Statements

18. Financial instruments and risk management

Categories of financial assets

2019

	Notes	Amortised cost	Total
Loans to group companies	3	260 929	260 929
Cash and cash equivalents	5	7 367 392	7 367 392
		7 628 321	**7 628 321**

2018

	Notes	Amortised cost	Total
Loans to group companies	3	254 050	254 050
Cash and cash equivalents	5	6 001 393	6 001 393
		6 255 443	**6 255 443**

Categories of financial liabilities

2019

	Notes	Amortised cost	Total
Trade and other payables	7	629	629
Borrowings	6	8 452 079	8 452 079
		8 452 708	**8 452 708**

2018

	Notes	Amortised cost	Total
Borrowings	6	10 143 428	10 143 428

18. Financial instruments and risk management (continued)

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The maximum exposure to credit risk is presented in the table below:

		2019			2018		
	Notes	Gross carrying amount	Credit loss allowance	Amortised cost	Gross carrying amount	Credit loss allowance	Amortised cost
Loans to group companies	3	260 929	-	260 929	254 050	-	254 050
Cash and cash equivalents	5	7 367 392	-	7 367 392	6 001 393	-	6 001 393
		7 628 321	**-**	**7 628 321**	**6 255 443**	**-**	**6 255 443**

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2019

	Notes	Less than 1 year	Over 5 years	Total	Carrying amount
Non-current liabilities					
Borrowings	6	-	6 648 351	6 648 351	6 648 351
Current liabilities					
Trade and other payables	7	629	-	629	629
Borrowings	6	1 803 728	-	1 803 728	1 803 728
		1 804 357	**6 648 351**	**8 452 708**	**8 452 708**

Notes to the Annual Financial Statements

18. Financial instruments and risk management (continued)

2018

	Notes	Less than 1 year	Over 5 years	Total	Carrying amount
Non-current liabilities					
Borrowings	6	-	8 489 411	8 489 411	8 489 411
Current liabilities					
Borrowings	6	1 654 017	-	1 654 017	1 654 017
		1 654 017	**8 489 411**	**10 143 428**	**10 143 428**

Interest rate risk

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

19. Going concern

We draw attention to the fact that at 30 June 2019, the company had accumulated losses of R 879 118 (2018: R 3 949 859) and that the company's total liabilities exceed its assets by R 879 118 (2018: R 3 949 859).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This presumes that management does not intend to cease business operations in the foreseeable future.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the cession in favour of the Development Bank of South Africa will remain in place for as long as is necessary, refer to note 6.

20. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Statement of Financial Position		
Trade and other payables	-	(21 000)
Provisions	-	21 000
	-	-

Detailed Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	2019	2018
Revenue		
Rendering of services	3 424 508	3 277 041
Other income		
Other income	167 421	217 133
Operating expenses		
Accounting fees	(29 871)	(5 345)
Auditors remuneration	(17 750)	(24 570)
Bank charges	(924)	(877)
Insurance	(8 261)	-
	(56 806)	**(30 792)**
Operating profit	**3 535 123**	**3 463 382**
Investment income	347 223	243 635
Finance costs	(811 605)	(953 591)
Profit for the year	**3 070 741**	**2 753 426**

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