Claremont Road Bypass Company (Non-Profit Company)

(Registration number 2005/012793/08)

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	Development of the Claremont Road Bypass
Directors	DS Stoll C Vaskys
Registered office	25 Stegman Road Claremont 7708
Auditors	BDO South Africa Incorporated Registered Auditors
Company registration number	2005/012793/08
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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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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) (the company) set out on pages 7 to 16 and 18, 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 Road Bypass 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 Road Bypass 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 Standards 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 Standards 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 18, 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'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 loss of the company was R 142 329 (2020: Profit R 3 454 244).

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 its 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
DS Stoll	
C Vaskys	
A Kerbelker	Resigned Wednesday, 30 June 2021

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			
Current Assets			
Trade and other receivables	2	10 814	-
Cash and cash equivalents	3	7 047 235	9 254 728
		7 058 049	**9 254 728**
Total Assets		**7 058 049**	**9 254 728**
Equity and Liabilities			
Equity			
Retained income		2 432 797	2 575 126
Liabilities			
Non-Current Liabilities			
Other financial liabilities	5	2 444 832	4 637 954
Current Liabilities			
Trade and other payables	4	2 000	45 302
Other financial liabilities	5	2 149 385	1 970 046
Provisions	6	29 035	26 300
		2 180 420	**2 041 648**
Total Liabilities		**4 625 252**	**6 679 602**
Total Equity and Liabilities		**7 058 049**	**9 254 728**

Statement of Comprehensive Income

Figures in Rand	Notes	2021	2020
Revenue	7	-	3 578 611
Other income		133 889	149 916
Operating expenses		(55 495)	(43 933)
Operating profit	8	**78 394**	**3 684 594**
Investment revenue	9	268 479	428 526
Finance costs	10	(489 202)	(658 876)
(Loss) profit for the year		**(142 329)**	**3 454 244**
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		**(142 329)**	**3 454 244**

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 July 2019	**(879 118)**	**(879 118)**
Profit for the year	3 454 244	3 454 244
Other comprehensive income	-	-
Total comprehensive income for the year	**3 454 244**	**3 454 244**
Balance at 01 July 2020	**2 575 126**	**2 575 126**
Loss for the year	(142 329)	(142 329)
Other comprehensive income	-	-
Total comprehensive loss for the year	**(142 329)**	**(142 329)**
Balance at 30 June 2021	**2 432 797**	**2 432 797**

Statement of Cash Flows

Figures in Rand	Notes	2021	2020
Cash flows from operating activities			
Cash generated from operations	12	27 013	3 700 836
Interest income		268 479	428 526
Finance costs		(489 202)	(658 876)
Net cash from operating activities		**(193 710)**	**3 470 486**
Cash flows from investing activities			
Loans to related party repaid		-	260 929
Net cash from investing activities		**-**	**260 929**
Cash flows from financing activities			
Repayment of other financial liabilities		(2 013 783)	(1 844 079)
Net cash from financing activities		**(2 013 783)**	**(1 844 079)**
Total cash movement for the year		**(2 207 493)**	**1 887 336**
Cash at the beginning of the year		9 254 728	7 367 392
Total cash at end of the year	3	**7 047 235**	**9 254 728**

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 for Small and Medium-sized Entities ("IFRS for SME's") and effective at the time of preparing these annual financial statements and the Companies Act 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 International Financial Reporting Standards for Small and Medium-sized Entities.

1.2 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 5) 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 10.)

Accounting Policies

1.2 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 4), 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 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.

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 13.

Accounting Policies

1.4 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.

1.5 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. Trade and other receivables

Prepayments (if immaterial)	9 391	-
VAT	1 423	-
	10 814	**-**

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	7 047 235	9 254 728

4. Trade and other payables

Accrued expenses	2 000	581
VAT	-	44 721
	2 000	**45 302**

5. Other financial liabilities

At amortised cost		
Development Bank of South Africa	4 594 217	6 608 000

Interest is charged at 8.905% (2020: 8.905%) 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.

Non-current liabilities		
At amortised cost	2 444 832	4 637 954
Current liabilities		
At amortised cost	2 149 385	1 970 046
	4 594 217	**6 608 000**

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	22 000	24 385	(22 000)	24 385
Drafting fee provision	4 300	4 650	(4 300)	4 650
	26 300	**29 035**	**(26 300)**	**29 035**

Reconciliation of provisions - 2020

	Opening balance	Additions	Utilised during the year	Total
Audit fee provision	19 500	22 000	(19 500)	22 000
Drafting fee provision	4 000	4 300	(4 000)	4 300
	23 500	**26 300**	**(23 500)**	**26 300**

7. Revenue

	2021	2020
Rendering of services	-	3 578 611

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.

8. Operating profit

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

	2021	2020
Auditor's remuneration		
Audit fees	24 385	22 000

9. Investment revenue

	2021	2020
Interest revenue		
Interest received	268 479	428 526

10. Finance costs

	2021	2020
Other financial liabilities	489 202	658 876

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..

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

12. Cash generated from operations

	2021	2020
(Loss) profit before taxation	(142 329)	3 454 244
Adjustments for:		
Interest received	(268 479)	(428 526)
Finance costs	489 202	658 876
Movements in provisions	2 735	2 800
Changes in working capital:		
Trade and other receivables	(10 814)	8 262
Trade and other payables	(43 302)	5 180
	27 013	**3 700 836**

13. Contingent assets

As at the year end, the company has a contingent asset of R 191,130 (2020: R 247,708) in respect of amounts retained by the City of Cape Town, as a provision for bad debts.

It is probable that R 143,348 (2020: R 185,781) of this amount will be receivable in the coming financial year (VAT inc.).

14. Related parties

Relationships

Entities with common directorship	Claremont Improvement District Company

Detailed Income Statement

Figures in Rand	2021	2020
Revenue		
Rendering of services	-	3 578 611
Other income		
Retention refund	133 889	149 916
Operating expenses		
Accounting fees	(21 565)	(12 831)
Auditors remuneration	(24 385)	(22 000)
Bank charges	(849)	(841)
Insurance	(8 696)	(8 261)
	(55 495)	**(43 933)**
Operating surplus	**78 394**	**3 684 594**
Investment income	268 479	428 526
Finance costs	(489 202)	(658 876)
	(220 723)	**(230 350)**
(Loss) surplus for the year	**(142 329)**	**3 454 244**