

Llandudno Special Rating Area NPC
(Registration number 2014/179104/08)
Annual financial statements
for the year ended 30 June 2021

Hudson Accounting
Chartered Accountants (SA)
Registered Auditors
Issued 22 September 2021

Llandudno Special Rating Area NPC

(Registration number: 2014/179104/08)

Annual Financial Statements for the year ended 30 June 2021

General Information

Country of incorporation and domicile	South Africa
Directors	M Loubser (Chairperson) J Aufrichtig J Crowther W Corbett W Endersby M Greig A McNulty M MacKenzie A Jakins I Scott
Registered office	11 Apostle Road Llandudno 7806
Business address	11 Apostle Road Llandudno 7806
Auditors	Hudson Accounting Chartered Accountants (SA) Registered Auditors IRBA 949639 47 Upper De Waal Road Corner Kommetjie Road and 11th Avenue Fish Hoek 7975
Company registration number	2014/179104/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were internally compiled by: Tom Hickman Chartered Accountant (SA)
Issued	22 September 2021

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Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, 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 the 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 the 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 directors set 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 5 and 6.

The annual financial statements set out on pages 7 to 14, which have been prepared on the going concern basis, were approved by the directors on 22 September 2021 and were signed on its behalf by:



M Loubser (Chairperson)



I Scott

CapeTown

22 September 2021

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Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Llandudno Special Rating Area NPC for the year ended 30 June 2021.

1. Nature of business

The Llandudno Special Rating Area is a non-profit company set up in terms of the municipal by-laws of the City of Cape Town (CoCT) which acts as the management body in respect of Special Rating Area (SRA) determined by the CoCT in terms of section 22 of the Property Rates Act in respect of a defined geographical area. The source of revenue of the company is additional property rates billed by the CoCT to the registered property owners of Llandudno which funds are utilised to enhance and supplement services provided by the CoCT. These services include the provision of security for the common/public areas of the SRA/Llandudno, environmental maintenance and removal of alien vegetation, cleaning and tidying public open spaces and other community related services.

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

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Directors

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

Directors	Changes
M Loubser (Chairperson)	
J Aufrichtig	
J Crowther	
W Corbett	
W Endersby	
M Greig	
A McNulty	
M MacKenzie	
A Jakins	Appointed 29 June 2021
I Scott	Appointed 29 June 2021
A Pearce	Resigned 29 June 2021
E Wilton	Resigned 29 June 2021

In terms of the company's Memorandum of Incorporation A Jakins and I Scott were added as directors and A Pearce and E Wilton have resigned as directors during the current year.

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 directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements regardless of the worldwide COVID-19 pandemic. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

6. Auditors

Hudson Accounting were appointed in office as auditors for the company for 2021.



Independent Auditor's Report

To the Members of Llandudno Special Rating Area NPC

Opinion

We have audited the annual financial statements of Llandudno Special Rating Area NPC set out on pages 7 to 14, which comprise the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Llandudno Special Rating Area NPC 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 71 of 2008.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the 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 Directors' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Annual Financial Statements

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

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

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

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.

Hudson Accounting

Hudson Accounting
DL Hickman
Chartered Accountants (SA)
Registered Auditors
IRBA 949639

05 October 2021

47 Upper De Waal Road
Corner Kommetjie Road and 11th Avenue
Fish Hoek
7975

Llandudno Special Rating Area NPC

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Annual Financial Statements for the year ended 30 June 2021

Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment	2	93,927	168,672
Current Assets			
Trade and other receivables	3	13,583	6,740
Cash and cash equivalents	4	981,579	1,130,987
		<u>995,162</u>	<u>1,137,727</u>
Total Assets		<u>1,089,089</u>	<u>1,306,399</u>
Equity and Liabilities			
Equity			
Retained surplus		1,085,967	1,286,399
Liabilities			
Current Liabilities			
Trade and other payables	5	3,122	20,000
Total Equity and Liabilities		<u>1,089,089</u>	<u>1,306,399</u>

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2021	2020
Revenue			
Income - Services Rendered		3,047,505	3,039,921
Other income			
Donations received		14,900	-
Operating expenses			
Accounting fees		13,950	19,000
Advertising		4,572	-
Bank charges		2,456	2,962
Cleaning		82,385	97,808
Computer expenses		3,879	4,833
Depreciation		76,685	70,781
Environmental upgrading		73,995	50,428
Insurance		13,364	25,710
Lease rentals on equipment		239,345	247,679
Marketing and promotions		-	2,309
Meeting expenses		20,800	5,111
Project - Covid 19 costs		145,000	223,000
Public safety		2,201,962	1,676,416
Public safety - CCTV monitoring		304,146	304,462
Repairs and maintenance		74,577	36,480
Secretarial fees		24,300	6,725
Social upliftment		-	10,000
Telephone and communications		18,196	22,083
Website costs		-	4,800
		3,299,612	2,810,587
Operating (Deficit) surplus		(237,207)	229,334
Interest received	8	36,775	63,655
(Deficit)/Surplus for the year		(200,432)	292,989

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Statement of Changes in Equity

Figures in Rand	Retained surplus	Total equity
Balance at 01 July 2019	993,410	993,410
Surplus for the year	292,989	292,989
Balance at 01 July 2020	1,286,399	1,286,399
Deficit for the year	(200,432)	(200,432)
Balance at 30 June 2021	1,085,967	1,085,967

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Statement of Cash Flows

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Cash (used in) generated from operations	7	(184,243)	313,376
Interest income		36,775	63,655
Net cash from operating activities		(147,468)	377,031
Cash flows from investing activities			
Additions to property, plant and equipment	2	(1,940)	-
Total cash and cash equivalents movement for the year		(149,408)	377,031
Cash and cash equivalents at the beginning of the year		1,130,987	753,956
Total cash and cash equivalents at end of the year	4	981,579	1,130,987

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Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible 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.

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.

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 surplus or deficit in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

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 company.

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

Item	Average useful life
Security Equipment	5 years

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

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 is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

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 surplus or deficit when the item is derecognised.

1.2 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 surplus or deficit) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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Accounting Policies

1.2 Financial instruments (continued)

Financial instruments at amortised cost

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

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

1.3 Tax

Tax expenses

The company has been approved as a public benefit organisation (PBO) by the Commissioner of the South African Revenue Service. In terms of Section 30(3) of the Income Tax Act, the income of any PBO is exempt from income tax to the extent that it has not arisen from any integral, occasional or approved business or trading activity. In terms of Section 10(1)(d)(iii) regarding any taxable business or trading income of a PBO, the greater of 5% of the trading income, or R 200 000, is tax free. The taxable portion of a PBO's trading income is taxed at 28%.

1.4 Income - Services Rendered

Services rendered comprises additional property rates invoiced monthly by the City of Cape Town to all property owners in the special rating area of Llandudno in accordance with the Financial Agreement, whereby the City pays 97% of the annual budget to the company in twelve monthly instalments and retains 3% as a provision for bad debts. Donations received are accounted for on receipt from donor.

1.5 Trade and other payables

Trade and other payables are measured at fair value.

1.6 Trade and other receivables

Trade and other receivables are stated at cost less an allowance for doubtful debts. The allowance raised is the amount needed to reduce the carrying value to the expected future cash flows.

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Notes to the Annual Financial Statements

Figures in Rand

	2021			2020		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
2. Property, plant and equipment						
Security equipment	384,072	(290,145)	93,927	382,132	(213,460)	168,672
Reconciliation of property, plant and equipment - 2021						
		Opening balance	Additions	Depreciation		Closing balance
Security equipment		168,672	1,940	(76,685)		93,927
Reconciliation of property, plant and equipment - 2020						
		Opening balance	Depreciation			Closing balance
Security equipment		239,453	(70,781)			168,672
3. Trade and other receivables						
Telephone deposit				5,200		5,200
VAT				8,383		1,540
				13,583		6,740
4. Cash and cash equivalents						
Cash and cash equivalents consist of:						
Bank balances				981,579		1,130,987
5. Trade and other payables						
Audit Fees				3,122		20,000
6. Taxation						
The company has been approved as a public benefit organisation (PBO) by the Commissioner of the South African Revenue Service. In terms of Section 30(3) of the Income Tax Act, the income of any PBO is exempt from income tax to the extent that it has not arisen from any integral, occasional or approved business or trading activity. In terms of Section 10(1)(d)(iii) regarding any taxable business or trading income of a PBO, the greater of 5% of the trading income, or R 200 000, is tax free. The taxable portion of a PBO's trading income is taxed at 28%.						
7. Cash (used in) generated from operations						
(Deficit) profit before taxation				(200,432)		292,989
Adjustments for:						
Depreciation and amortisation				76,685		70,781
Interest received				(36,775)		(63,655)
Changes in working capital:						
Trade and other receivables				(6,845)		(6,739)
Trade and other payables				(16,876)		20,000
				(184,243)		313,376

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
8. Investment revenue		
Interest revenue		
Interest received	<u>36,775</u>	<u>63,655</u>