

Cape Town Central City Improvement District NPC
(Registration number 1999/009132/08)
Annual Financial Statements
for the year ended 30 June 2021

Cape Town Central City Improvement District NPC

(Registration number: 1999/009132/08)

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	The company provides additional security, cleansing, maintenance services, marketing and social development in the Cape Town City area
Directors	R Kane (Chairperson) DS Stoll R van Wyk T Capstick-Dale NK Ramasar J van Rooyen L Robinson G Elliott JD Leibman HC Truter P Raimondo M Bauer M Makeka
Registered office	13th Floor 1 Thibault Square Cnr Long St & Hans Strijdom Ave Cape Town 8001
Postal address	PO Box 7517 Roggebaai South Africa 8012
Auditors	BDO South Africa Inc. Chartered Accountants (SA) Registered Auditors
Company registration number	1999/009132/08
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 independently compiled by: Metis Advisory Services Proprietary Limited A Pangarker CA(SA)

Cape Town Central City Improvement District NPC

(Registration number: 1999/009132/08)

Annual Financial Statements for the year ended 30 June 2021

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Independent Auditor's Report

To the Members of
Cape Town Central City Improvement District NPC

Opinion

We have audited the financial statements of Cape Town Central City Improvement District NPC (the company) set out on pages 8 to 19, 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 Cape Town Central City Improvement District 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 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 "Cape Town Central City Improvement District NPC Annual Financial Statements for the year ended 30 June 2021", which includes the Directors' Report as required by the Companies Act of South Africa and the detailed income statement. 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 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

Fayaz Mohamed
Director
Registered Auditor

24 August 2021

119-123 Hertzog Boulevard
Foreshore
Cape Town, 8001

Cape Town Central City Improvement District NPC

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Annual Financial Statements for the year ended 30 June 2021

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 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.

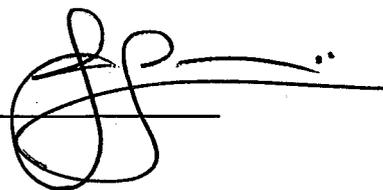
The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 3 - 4.

The annual financial statements set out on pages 6 - 19, which have been prepared on the going concern basis, were approved by the board of directors on 23 August 2021 and were signed on its behalf by:

Approval of annual financial statements



R Kane



JD Leibman

Cape Town Central City Improvement District NPC

(Registration number: 1999/009132/08)

Annual Financial Statements for the year ended 30 June 2021

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Cape Town Central City Improvement District NPC for the year ended 30 June 2021.

1. Business activities

The company provides additional security, cleansing, maintenance services, communications and social development in the Cape Town City area.

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 International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

During the year under review the company operated independently of any shared services. The main business and operations of the company during the year under review has continued as in the past year and we have nothing further to report thereon. The financial statements adequately reflect the results of the operations of the company for the year under review and no further explanations are considered necessary.

As a result of the continued effects of the COVID-19 pandemic this financial year, certain services were impacted. Cleaning within the Special Rating Area (SRA) was focussed on day-time services as the night-time economy during lockdown was almost non-existent compared to levels prior to the Pandemic. Security contracted from the City was severely impacted resulting in a far smaller budget being expended for EPWP Law Enforcement Officers. Private security, funded by the Cape Town CCID, however, continued, and strategic operations with Law Enforcement partners ensured adequate coverage within the SRA at all times. Social development services were also negatively impacted due to lockdown which resulted in a lower spend than originally budgeted. Marketing and communications was boosted during this period, mainly as a result of the "Come Back To Town" campaign which attempted to bring workers and visitors back to Town when it was safe to do so. Mainly due to these factors which are a direct result of the Pandemic the Cape Town CCID is recording a surplus for this financial year, which will be utilised to fund future strategic projects for the benefit of the SRA.

3. Directors

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

Directors	Changes
R Kane (Chairperson)	
DS Stoll	
CEP Keefer	Resigned 16 November 2020
R van Wyk	
T Capstick-Dale	
NK Ramasar	
J van Rooyen	
L Robinson	
G Elliott	
JD Leibman	
HC Truter	
P Raimondo	Appointed 16 November 2020
M Bauer	Appointed 16 November 2020
M Makeka	Appointed 16 November 2020

4. Events after the reporting period

There have been no facts or circumstances of a material nature that have occurred between the accounting date, 30 June 2021 and the date of this report, which would have a material impact on the statement of financial position at 30 June 2021. It is, however, worthy to note that the COVID-19 pandemic is still in existence, and may impact future spending, projects, and revenue.

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Directors' 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. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any undisclosed, material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

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Statement of Comprehensive Income

Figures in Rand	Notes	2021	2020
Revenue	2	76 925 554	70 959 682
Other income	3	428 102	579 692
Expenditure		(74 192 151)	(75 041 234)
Surplus / (deficit) from operations	4	3 161 505	(3 501 860)
Finance income	5	1 251 807	2 150 963
Finance costs		(2 139)	(3 428)
Surplus / (deficit) for the year		4 411 173	(1 354 325)
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year		4 411 173	(1 354 325)

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Statement of Financial Position as at 30 June 2021

Figures in Rand	Notes	2021	2020
Assets			
Non-Current Assets			
Plant and equipment	7	1 505 491	1 411 830
Current Assets			
Trade and other receivables	8	101 997	107 490
Cash and cash equivalents	9	34 630 268	30 775 094
		34 732 265	30 882 584
Total Assets		36 237 756	32 294 414
Equity and Liabilities			
Equity			
Project funded reserve		651 200	2 634 700
Working capital contingency reserve		21 637 455	19 493 880
Accumulated surplus		12 185 008	7 933 910
		34 473 663	30 062 490
Liabilities			
Current Liabilities			
Trade and other payables	10	1 764 093	2 231 924
Total Equity and Liabilities		36 237 756	32 294 414

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Statement of Changes in Equity

	Project funded reserve	Working capital contingency reserve	Accumulated surplus	Total equity
Figures in Rand				
Balance at 01 July 2019	8 644 082	17 472 771	5 299 962	31 416 815
Deficit for the year	-	-	(1 354 325)	(1 354 325)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(1 354 325)	(1 354 325)
Transfer between reserves	(6 009 382)	2 021 109	3 988 273	-
Total changes	(6 009 382)	2 021 109	3 988 273	-
Balance at 01 July 2020	2 634 700	19 493 880	7 933 910	30 062 490
Surplus for the year	-	-	4 411 173	4 411 173
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	4 411 173	4 411 173
Transfer between reserves	(1 983 500)	2 143 575	(160 075)	-
Total changes	(1 983 500)	2 143 575	(160 075)	-
Balance at 30 June 2021	651 200	21 637 455	12 185 008	34 473 663

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Statement of Cash Flows

Figures in Rand	Notes	2021	2020
Cash flows from operating activities			
Cash generated from / (used in) operations	11	3 187 753	(2 396 535)
Finance income		1 251 807	2 150 963
Finance costs		(2 139)	(3 428)
Net cash from operating activities		4 437 421	(249 000)
Cash flows from investing activities			
Purchase of plant and equipment	7	(582 247)	(203 456)
Total cash movement for the year		3 855 174	(452 456)
Cash at the beginning of the year		30 775 094	31 227 550
Total cash at end of the year	9	34 630 268	30 775 094

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Annual Financial Statements for the year ended 30 June 2021

Accounting Policies

General information

Cape Town Central City Improvement District NPC (the "Company") is a company domiciled in South Africa. The address of the Company's registered office is 1 Thibault Square, cnr Long St & Hans Strijdom Ave, Cape Town.

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 unless otherwise stated, 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 Significant judgements and sources of estimation uncertainty

Use of judgements and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

1.2 Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Subsequent costs

The company recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense when incurred.

Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Item	Depreciation method	Average useful life
Body-worn cameras	Straight line	3 years
Computer hardware	Straight line	3 years
Computer software	Straight line	2 years
Containers	Straight line	10 years
Digital screens	Straight line	6 years
Fittings	Straight line	3 years
Furniture	Straight line	6 years
Leasehold improvements	Straight line	shorter of lease term and useful life
Leasehold improvements - Company Gardens	Straight line	2 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years

Residual values, if significant, are reassessed annually.

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Accounting Policies

1.3 Financial instruments

Measurement

Non-derivative financial instruments

Non-derivative financial instruments comprise receivables, cash and cash equivalents and payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the company becomes party to the contractual provisions of the instrument. Financial assets are derecognised if the company's contractual rights to the cash flows from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the company's obligations specified in the contract expire or are discharged or cancelled.

Non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses. Subsequent to initial recognition these instruments are measured as set out below.

Trade and other receivables

Trade and other receivables originated by the company are stated at amortised cost less allowance for doubtful debts.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand which are available for use by the company unless otherwise stated. Subsequent to initial recognition cash and cash equivalents are measured at amortised cost.

It is policy that 3 months cash reserves are held to mitigate any unforeseen circumstances.

Trade and other payables

Payables are recognised at amortised cost.

1.4 Impairment

The carrying amounts of the company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Calculation of recoverable amount

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairments

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.5 Revenue

Revenue comprises revenue income from ratepayers which is collected by the City of Cape Town on the entity's behalf, net of retention revenue retained.

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Accounting Policies

1.6 Finance income

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

1.7 Other income

Other income includes management fee income and sundry income. Management fee income consists of various dedicated projects funded externally.

Cape Town Central City Improvement District NPC

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Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
2. Revenue		
ATM Project	210 032	-
Revenue - services rendered	76 715 522	68 191 085
Retention of revenue refunded	-	1 868 615
Combined ATM and Company Gardens Project	-	899 982
	76 925 554	70 959 682
3. Other income		
Sundry income	428 102	579 692
4. Surplus / (deficit) from operations		
Surplus / (deficit) from operations for the year is stated after accounting for the following:		
Depreciation on plant and equipment	488 586	578 465
Salaries	10 574 740	12 309 112
Operating lease payments - equipment and premises	816 161	856 775
Security	43 635 910	42 419 550
Social services	5 767 961	6 507 413
Cleaning	7 097 901	7 810 189
Communications	4 238 066	2 094 309
5. Finance income		
Interest income		
Interest received on bank balance	1 251 807	2 150 963
6. Taxation		

Provision has not been made for current taxation, or deferred taxation as the Company is an approved Public Benefit Organisation in terms of Section 30 of the Income Tax Act and is exempt from income tax in terms of section 10(1)(cN) of the Income Tax Act.

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Notes to the Annual Financial Statements

Figures in Rand

2021

2020

7. Plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Body-worn cameras	405 080	(47 864)	357 216	98 900	(2 747)	96 153
Computer hardware	617 847	(576 877)	40 970	587 430	(552 406)	35 024
Computer software	48 100	(48 100)	-	48 100	(48 100)	-
Containers	494 289	(141 460)	352 829	494 289	(92 031)	402 258
Digital screens	205 075	(24 229)	180 846	-	-	-
Fittings	90 857	(90 857)	-	90 857	(90 857)	-
Furniture	360 549	(341 556)	18 993	360 549	(291 087)	69 462
Leasehold improvements	821 232	(783 746)	37 486	780 658	(780 658)	-
Leasehold improvements - Company Gardens	47 896	(39 425)	8 471	47 896	(15 477)	32 419
Motor vehicles	1 535 784	(1 044 556)	491 228	1 535 784	(797 181)	738 603
Office equipment	149 825	(132 373)	17 452	149 825	(111 914)	37 911
Total	4 776 534	(3 271 043)	1 505 491	4 194 288	(2 782 458)	1 411 830

Reconciliation of plant and equipment - 2021

	Opening balance	Additions	Depreciation	Closing balance
Body-worn cameras	96 153	306 180	(45 117)	357 216
Computer hardware	35 024	30 418	(24 472)	40 970
Containers	402 258	-	(49 429)	352 829
Digital screens	-	205 075	(24 229)	180 846
Furniture	69 462	-	(50 469)	18 993
Leasehold improvements	-	40 574	(3 088)	37 486
Leasehold improvements - Company Gardens	32 419	-	(23 948)	8 471
Motor vehicles	738 603	-	(247 375)	491 228
Office equipment	37 911	-	(20 459)	17 452
	1 411 830	582 247	(488 586)	1 505 491

Reconciliation of plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Body-worn cameras	-	98 900	(2 747)	96 153
Computer hardware	50 746	4 640	(20 362)	35 024
Containers	409 867	40 800	(48 409)	402 258
Fittings	11 396	-	(11 396)	-
Furniture	121 835	7 303	(59 676)	69 462
Leasehold improvements	120 590	-	(120 590)	-
Leasehold property	-	47 896	(15 477)	32 419
Motor vehicles	1 016 004	-	(277 401)	738 603
Office equipment	56 401	3 917	(22 407)	37 911
	1 786 839	203 456	(578 465)	1 411 830

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Notes to the Annual Financial Statements

Figures in Rand

	2021	2020
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8. Trade and other receivables

Trade receivables	117	-
Prepayments	101 880	107 490
	<u>101 997</u>	<u>107 490</u>

The Company receives revenue income from the City of Cape Town ("the City"), which the City collects from ratepayers. In terms of the agreement, the City retains a reserve of 3% of all payments due to the CID. This reserve covers any short fall which may be suffered by the City as a result of non-payment or short payment of the CID revenue by property owners. The 3% retention revenue is only recognised as income once received. The retention revenue is not recognised in accounts receivable.

9. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash management	33 563 570	29 811 781
Operational	1 066 698	963 313
	<u>34 630 268</u>	<u>30 775 094</u>

A guarantee of R50,000 has been in place since 19 May 2015 and serves as security to the landlord in relation to the CCID's leased office premises.

10. Trade and other payables

Accruals	534 008	973 802
Other payables	1 018 211	977 184
Project income received in advance	-	210 032
Value Added Tax (VAT) payable	211 874	70 906
	<u>1 764 093</u>	<u>2 231 924</u>

11. Cash generated from / (used in) operations

Surplus / (deficit) for the year	4 411 173	(1 354 325)
Adjustments for:		
Depreciation	488 586	578 465
Finance income	(1 251 807)	(2 150 963)
Finance costs	2 139	3 428
Changes in working capital:		
Trade and other receivables	5 493	302 451
Trade and other payables	(467 831)	224 409
	<u>3 187 753</u>	<u>(2 396 535)</u>

12. Operating lease commitments

Operating leases – as lessee (expense)

CCID leased premises and equipment under operating leases. The lease agreements for the majority of the premises and equipment utilised were for the minimum annual payments under non-cancellable operating leases. The rentals escalation for the premises and equipment were 0% per annum. No new operating lease agreements have been concluded as of the signature date of these Annual Financial Statements.

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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13. Contingencies

Non-taxable remuneration classification error

A bona fide inadvertent error occurred in the payroll set up during the 2016 - 2018 financial years, which resulted in taxable remuneration being classified as non-taxable. The error gave rise to an employees' tax liability which has been calculated and provided for in the prior year financial statements. SARS has indicated that a 200% Understatement Penalty (USP) will be raised on the grounds that "failure to declare such income constitutes intentional tax evasion" and allowed the company the opportunity to provide reasons as to why the penalty should not be raised accordingly. If raised at 200%, the penalty will total R179 830.42 and interest calculated on the total tax debt will amount to R88 458.73. The interest calculated only pertains to the period up until the date of the submission to SARS at the end of February 2020. The directors have made use of the opportunity to present reasons to SARS and believe that the circumstances do not warrant such a severe USP. The directors are confident that SARS will not raise the USP at 200%. Due to the amount of the USP not being considered material by the directors, interest on the total outstanding liability cannot be measured reliably and is therefore not provided for in the annual financial statements. As of 30 June 2021, SARS has acknowledged our submission, but has not provided any further response on the matter to date.

Re-registration of Cape Town CCID with the Compensation Commissioner

The Cape Town CCID has secured the services of a consultant to re-register it with the Compensation Commissioner as previous registration attempts were not successful. On two occasions application forms dated, 3 December 2015 and 15 February 2018, were physically submitted to the Department of Labour, stamped by them, but not processed to finality. For this reason a Return of Earnings submission cannot be submitted online as the Cape Town CCID's profile on the Department of Labour's Online Submission Portal has not been activated. Liabilities for current and potential back-dated Return of Earnings submissions cannot be measured reliably, as registration is still pending, and for this reason a liability has not been provided for in the annual financial statements.

14. Related parties

Relationships

The services paid by council are the supplementary municipal services the CCID is performing on behalf of the City. Council funds these services by way of an additional property rate charged to all property owners within the boundary of the CCID. In addition to the amounts received, the CCID pays the City for security and traffic services. This expenditure is allocated to Security expenses in the Detailed Income Statement.

Transactions with related parties

Material related party transactions

Amounts received from the City of Cape Town

Revenue services rendered	76 715 522	68 191 085
Revenue retention refunded	-	1 868 615

Amounts paid to the City of Cape Town

EPWP Auxiliary Law Enforcement Officers	91 164	781 362
Learner Law Enforcement Officers	-	508 800
Traffic Wardens	557 691	843 025

15. Going concern

As at 30 June 2021 and up to the date of signing these financial statements, no events or conditions have occurred that would impact the entity's ability to continue as a going concern.

16. Events after the reporting period

There have been no facts or circumstances of a material nature that have occurred between the reporting date and the date of this report that have a material impact on the financial position of the company at the reporting date.

Cape Town Central City Improvement District NPC

(Registration number: 1999/009132/08)

Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

17. COVID-19

The COVID-19 Pandemic has continued to impact this current financial year, just as it did the final quarter of last year. Over this period it has resulted in additional expenditure being incurred to fund personal protective materials and office restructuring to comply with the Disaster Management Act: Regulations relating to COVID-19. Night-shift cleaning costs removed in the final quarter of last year, continue not to be incurred due to low demand as a result of curfew implementation and the restricted trading conditions imposed on the night-time economy. Similarly any travel and conferences planned in the last year-and-a-quarter have been cancelled as a direct result of the pandemic.

Cape Town Central City Improvement District NPC

(Registration number: 1999/009132/08)

Annual Financial Statements for the year ended 30 June 2021

Detailed Income Statement

Figures in Rand	Notes	2021	2020
Revenue			
ATM Project		210 032	-
Revenue - services rendered		76 715 522	68 191 085
Retention of revenue refunded		-	1 868 615
Combined ATM and Company Gardens Project		-	899 982
	2	76 925 554	70 959 682
Other income			
Finance income	5	1 251 807	2 150 963
Sundry income		428 102	579 692
		1 679 909	2 730 655
Expenditure (Refer to page 21)		(74 192 151)	(75 041 234)
Operating (deficit) / surplus	4	4 413 312	(1 350 897)
Finance costs		(2 139)	(3 428)
(Deficit) / surplus for the year		4 411 173	(1 354 325)

Cape Town Central City Improvement District NPC

(Registration number: 1999/009132/08)

Annual Financial Statements for the year ended 30 June 2021

Detailed Income Statement

Figures in Rand	Notes	2021	2020
Expenditure			
Auditor's remuneration		(100 600)	(94 900)
Bank charges		(36 362)	(36 714)
Cellphone and telephone costs		(157 495)	(177 384)
Cleaning		(7 097 901)	(7 810 189)
Communications		(4 238 066)	(2 094 309)
Computer expenses		(356 199)	(302 869)
Courier		(6 168)	(4 040)
Depreciation		(488 586)	(578 465)
Donations		(9 538)	-
Entertainment		(88 230)	(77 821)
Insurance		(155 793)	(158 518)
Lease rentals on operating lease		(816 161)	(856 775)
Legal fees		-	(9 258)
Licence fees		(5 984)	(4 083)
Office expenses		(40 613)	(34 040)
Personal protective materials for COVID-19		(15 447)	(91 495)
Printing and stationery		(128 157)	(138 699)
Professional fees		(86 018)	(90 823)
Project expenditure: Combined ATM and Company Gardens Project		(210 032)	(899 982)
Salaries		(10 574 740)	(12 309 112)
Security expenses		(43 635 910)	(42 419 550)
Social services		(5 767 961)	(6 507 413)
Staff costs		(94 699)	(149 418)
Subscriptions		(81 190)	(29 732)
Travel		(301)	(165 645)
		(74 192 151)	(75 041 234)