Central Special Ratings Area NPC

(Registration number 2016/509051/08)
Annual financial statements
for the year ended 30 June 2022

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Annual Financial Statements for the year ended 30 June 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Community development
Directors	C.E. Dilland D.M. Edwards D.J. Kotze L.W. Sampson L. Nash
Registered office	25 Donkin Street Central Gqeberha 6001
Postal address	25 Donkin Street Central Gqeberha 6001
Bankers	First National Bank Limited
Auditor	PKF (PE) Inc. Chartered Accountants (SA) Registered Auditor
Company registration number	2016/509051/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	These annual financial statements were prepared under the supervision of: David Robertson CA (SA)

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The reports and statements set out below comprise the annual financial statements presented to the members:

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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 the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the 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 2023 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 auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and the report is presented on pages 4 and 5.

The annual financial statements set out on pages 6 to 14, which have been prepared on the going concern basis, were approved by the board of directors on 27 SEPTEMBER 2022 and were signed on its behalf by:

Director

Director

Independent Auditor's Report

To the directors of Central Special Ratings Area NPC

Opinion

We have audited the financial statements of Central Special Ratings Area NPC set out on pages 7 to 14, which comprise the statement of financial position as at 30 June 2022, and the statement of 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 Central Special Ratings Area NPC as at 30 June 2022, 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 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 "Central Special Ratings Area Annual Financial Statements for the year ended 30 June 2022" 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.

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B-BBEE Status Level 2 • IRBA Reg No 930709E

PKF (PE) Inc. • Registered Auditors • Chartered Accountants (SA) • A member of PKF International Ltd • Reg No 2002/004678/21
Directors • LD van Goeverden • L Battle • MC Daverin • J du Preez • M Mohamed • DJ Robertson • GP van Zyl
Office Manager • T Botes

PKF (PE) Inc. is a member firm of the PKF South Africa Inc. and PKF International Limited family of legally independent firms. Neither PKF (PE) Inc. nor PKF South Africa Inc. accept any responsibility or liability for the actions or inactions on the part of any other individual member or correspondent firm or firms.

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.

PKF (PE) Inc

PKF (PE) Inc.
Chartered Accountants (SA)
Registered Auditors

Director: Lorna van Goeverden CA (SA)
Registered Auditor

Date: 27 September 2022
Gqeberha

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Central Special Ratings Area NPC for the year ended 30 June 2022.

1. Nature of business

Central Special Ratings Area NPC was incorporated in South Africa with interests in community development . The company operates principally in South Africa.

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 of South Africa. 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:

C.E. Dilland	
D.M. Edwards	
D.J. Kotze	
L.W. Sampson	
L. Nash	Appointed 1 March 2022
L.E. Hashatse	Resigned 27 September 2021
C.A. Law	Deceased 27 February 2022
A.K. Rathbone	Resigned 27 September 2021

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 that requires disclosure.

5. 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 future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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Statement of Financial Position as at 30 June 2022

	Notes	30 June 2022 R	30 June 2021 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	619 634	478 016
Current Assets			
Trade and other receivables		192 097	-
Cash and cash equivalents	3	945 084	1 161 644
		1 137 181	**1 161 644**
Total Assets		**1 756 815**	**1 639 660**
Equity and Liabilities			
Equity			
Retained income		1 742 644	1 531 542
Liabilities			
Current Liabilities			
Trade and other payables	4	14 171	108 118
Total Equity and Liabilities		**1 756 815**	**1 639 660**

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Statement of Comprehensive Income

	Note	12 months ended 30 June 2022 R	4 months ended 30 June 2021 R
Revenue	5	**3 787 287**	**1 526 192**
Operating expenses			
Accounting fees		21 651	-
Advertising		7 076	960
Artwork and upliftment		28 851	-
Bank charges		2 222	721
Cleaning		57 385	12 690
Cleaning topup waste		1 148 086	-
Computer expenses		7 172	-
Depreciation, amortisation and impairments		171 497	40 146
Lease rentals on operating lease		29 469	10 010
Meeting costs		6 698	-
Printing and stationery		2 885	-
Repairs and maintenance		87 156	31 899
Salaries and wages		358 524	82 394
Security		1 653 320	57 758
Telephone and fax		13 703	3 997
		3 595 695	**240 575**
Operating surplus		**191 592**	**1 285 617**
Investment income		19 510	5 915
Surplus for the year		**211 102**	**1 291 532**

Statement of Changes in Equity

	Retained income	Total equity
	R	R
Balance at 01 July 2020	**240 010**	**240 010**
Surplus for the period	1 291 532	1 291 532
Balance at 01 July 2021	**1 531 542**	**1 531 542**
Surplus for the year	211 102	211 102
Balance at 30 June 2022	**1 742 644**	**1 742 644**

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Statement of Cash Flows

	Notes	12 months ended 30 June 2022 R	4 months ended 30 June 2021 R
Cash flows from operating activities			
Cash generated from operations		77 045	1 447 374
Interest income		19 510	5 915
Net cash from operating activities		**96 555**	**1 453 289**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(313 115)	(518 162)
Net cash from investing activities		**(313 115)**	**(518 162)**
Total cash movement for the year		**(216 560)**	**935 127**
Cash and cash equivalents at the beginning of the period		1 161 644	226 517
Total cash and cash equivalents at the end of the period	3	**945 084**	**1 161 644**

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 of South Africa. 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 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that effect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the annual financial statements. There were no significant judgements or sources of estimation uncertainty during the current year.

1.2 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 profit or loss 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.

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	Depreciation method	Average useful life
CCTV cameras	Straight line	3

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 profit or loss 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 profit or loss when the item is derecognised.

Accounting Policies

1.3 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 profit or loss) 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.

Financial instruments at amortised cost

These include 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 rate 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 profit or loss.

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts received or receivable for rental and levies provided in the normal course of business, net of value added tax.

Notes to the Annual Financial Statements

	12 months ended 30 June 2022 R	4 months ended 30 June 2021 R

2. Property, plant and equipment

	2022			2021		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
CCTV cameras	831 277	(211 643)	619 634	518 162	(40 146)	478 016

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Closing balance
CCTV cameras	478 016	313 115	(171 497)	619 634

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Closing balance
CCTV cameras	-	518 162	(40 146)	478 016

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	945 084	1 161 644

4. Trade and other payables

Trade payables	14 171	108 118

5. Revenue

NMBM SRA levies	2 337 113	1 525 742
Donation income	-	450
Voluntary levies	174	-
MBDA SLA	1 450 000	-
	3 787 287	**1 526 192**

6. Taxation

No provision has been made for normal taxation in the current financial year.

The company is in the process of applying for tax exemption status.

	12 months ended 30 June 2022 R	4 months ended 30 June 2021 R

7. Prior period errors

During the 2022 financial year, the client discovered that amounts in respect of the acquisition and installation of CCTV cameras (capital assets) had erroneously been expensed. As a consequence, the property, plant and equipment balance and the related contra-asset account have been understated. The errors have been corrected by restating each of the affected financial statement line items for prior periods.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position		
Property, plant and equipment	-	45 484
Profit or Loss		
Depreciation expense	-	40 146
Security expense	-	(85 630)

8. Comparative figures

Comparative amounts are not comparable to the current reporting period balances as the prior period is only four months.