



LA CONCORDE

Registration number: 2009/012871/06

LA CONCORDE HOLDINGS LIMITED

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for year ended 31 March 2021

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited	Audited
		as at	As at
		31 March 2021	31 March 2020
	Notes	R'000	R'000
ASSETS			
Non-current assets		174 920	231 633
Property, plant and equipment		2 416	2 289
Investment properties	3	131 314	189 439
Intangible assets		64	115
Investment in associate	4	12 187	10 103
Other financial assets	5	19 022	20 222
Deferred tax	6	8 182	7 760
Finance lease receivable	7	1 735	1 705
Current assets		107 923	50 274
Trade and other receivables		2 533	1 503
Inventory		287	283
Loan receivable		-	782
Taxation		2 437	697
Cash and cash equivalents	8	102 666	47 009
Non-current asset held for sale		374	-
Total assets		283 217	281 907
EQUITY AND LIABILITIES			
Equity		221 831	206 102
Ordinary share capital		1	1
Share premium		408 986	409 804
Other reserves		-	109 539
Retained losses		(192 087)	(317 598)
Non-controlling interest		4 931	4 356
Non-current liabilities		51 391	59 182
Borrowings	9	31 820	33 046
Lease liability	7	1 735	1 705
Deferred taxation	6	17 836	24 431
Current liabilities		9 995	16 623
Trade and other payables		4 783	13 327
Current portion of borrowings	9	5 212	3 296
Total equity and liabilities		283 217	281 907

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited	Audited
	Year ended	Year ended
	31 March 2021	31 March 2020
	R'000	R'000
Revenue	6 798	8 461
Property rental income	11 932	13 959
Income	18 730	22 420
Other operating expenses and income	(19 729)	(24 461)
Depreciation and amortisation	(906)	(726)
Operating loss	(1 905)	(2 767)
Investment income	6 358	6 129
Impairment of investment in associate	-	(10 986)
Fair value adjustments of financial instruments	(1 201)	(4 659)
Fair value adjustments of investment properties	-	(6 964)
Investment (deficit)/surplus	(350)	998
Share of equity-accounted earnings	2 310	2 326
Finance costs	(2 865)	(1 348)
Profit/(loss) before taxation	2 347	(17 271)
Taxation	3 999	2 488
Profit/(loss) for the year	6 346	(14 783)
Attributable to:		
Equity holders of the parent	5 771	(14 889)
Non-controlling interest	575	106
	6 346	(14 783)
Earnings per share (cents)		
Basic earnings	9.0	(22.1)
Headline earnings	9.1	(3.5)
Shares in issue		
Number of shares issued ('000)	64 366	68 980
Treasury shares ('000)	-	(1 267)
Shares repurchased ('000)	(38)	(945)
Net weighted average number of shares in issue	64 328	66 768

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited	Audited
	Year ended	Year ended
	31 March 2021	31 March 2020
	R'000	R'000
Balance at the beginning of the year	206 102	227 542
Total comprehensive profit/(loss) for the year	6 346	(14 783)
Repurchase of shares	(818)	(10 907)
Dividend forfeitures	10 201	-
Non-controlling interest	-	4 250
	221 831	206 102

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Unaudited	Audited
		Year ended	Year ended
		31 March 2021	31 March 2020
		R'000	R'000
	Notes		
Cash flows from operating activities			
Net cash from operating activities		(4 928)	7 453
Cash utilised by operations	8	(3 346)	(2 667)
Changes in working capital	8	1 404	8 438
Cash (utilised)/generated by operating activities		(1 942)	5 771
Investment income		6 358	6 129
Finance costs		(2 865)	(1 348)
Taxation paid	8	(6 479)	(3 099)
Cash flows from investing activities		60 713	(41 693)
Dividends received		226	319
Additions to investment property		(12 870)	(43 807)
Additions to property, plant and equipment		(463)	(416)
Proceeds on disposal of property, plant and equipment		820	47
Proceeds on disposal of investments		73 000	2 164
Cash flows from financing activities		(128)	29 685
Ordinary shares repurchased		(818)	(10 907)
Transactions with non-controlling shareholders		-	4 250
Borrowings raised		1 399	36 342
Borrowings repaid		(709)	-
Cash and cash equivalents			
Movements		55 657	(4 555)
At the beginning of the year		47 009	51 564
At the end of the year		102 666	47 009

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the year ended 31 March 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the South African Companies Act, No. 71 of 2008 (as amended). The accounting policies of the group are consistent with those applied for the year ended 31 March 2020. These financial statements were prepared under the supervision of Mr AF Pereira CA(SA).

2 SEGMENTS

The group is an investment company. No separately identifiable operating segments exist, other than the income received from the property rentals of which the financial effects are disclosed in the financial statements.

3 INVESTMENT PROPERTIES

	2021 R'000	2020 R'000
Investment properties at fair value	129 379	189 439
Non-current operating lease equalisation asset	1 935	-
	131 314	189 439
Reconciliation of carrying value		
At the beginning of the year	189 439	153 900
Fair value adjustments	-	(6 964)
Transfer to property, plant and equipment	-	(86)
Transfer to non-current asset held for sale	(374)	-
Additions	12 870	43 807
Disposals	(72 556)	(1 218)
Movements in non-current operating lease equalisation assets	1 935	-
At the end of the year	131 314	189 439

Investment properties are stated at fair value.

The group engages external, independent and qualified valuers to determine the fair value of its investment property as required by the Board. The directors perform valuations annually.

Investment property is in level 3 of the fair value hierarchy.

The investment properties were fairly valued by suitably qualified independent valuers with recent experience in similar properties in similar areas for the year ended 31 March 2019. During the year ended 31 March 2021 the same valuers reviewed the reasonableness of the assumptions applied in the directors' valuation.

The valuers analysed the values of the properties by considering all incomparable characteristics and their potential influence on the sales prices.

The directors evaluated the fair values using similar principles used by the valuers during 2019 to determine the fair values of the investment property for the year ended 31 March 2021.

The fair value of the investment properties owned by the group, totalling R131.3 million at 31 March 2021, was arrived at on the basis of directors' valuation.

The fair value of the vacant land, totalling R1.3 million, was determined by applying the direct comparable sales method. The fair value of the Laborie Estate (which include accommodation buildings, other buildings, agricultural land and a residential house), totalling R61.5 million, was determined by applying the free cash flow, depreciated cost valuation, direct comparable sales techniques and commercial buildings with a fair value of R68.5 million were valued using the free cash flow method, direct comparable sales method and actual capitalised construction costs.

Significant unobservable inputs were as follows:

	2021 %	2020 %
Accommodation buildings		
Rental growth rate	6.0	6.0
Cost growth rate	8.0	8.0
Occupation rate	40.0 - 50.0	50.0 - 55.0
Exit capitalisation rate	10.5	10.5
Discount rate	15.3	15.5

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

3 INVESTMENT PROPERTIES *(continued)*

	2021	2020
	%	%
Commercial buildings		
Rental growth rate	6.0	6.0
Cost growth rate	8.0	8.0
Occupation rate	100.0	88.0 – 97.0
Exit capitalisation rate	10.0	10.0 – 12.0
Discount rate	14.8	15.0 – 16.0
	2021	2020
	R'000	R'000
Amounts recognised in profit and loss for the year:		
Rental income and recoveries from investment property	18 730	22 420
Direct operating expenses from rental-generating property	(19 729)	(23 778)
	(999)	(1 358)
Contractual rent receivable:		
- within one year (included in trade and other receivables)	4 874	4 598
- within two to five years	22 598	21 322
- after five years	25 184	31 337
	52 656	57 257
Investment properties consist of:		
Erf 31403, Main Street House, Paarl, Western Cape, 549 m ²	4 000	4 000
Erf 11919, De Hoop Farm, Paarl, Western Cape, in extent of 3.3 ha	68 463	55 452
Erf 31366, Picardi Farm, Paarl, Western Cape, in extent of 16.4 ha	-	9 938
Erf 212, 213, 214, 223 and 224, Klapmuts erven, in extent of 5 502 m ²	1 296	1 100
Erf 8677, Paarl, Western Cape, in extent of 2.4702 ha	-	13 022
Erf 8676, Paarl, Western Cape, in extent of 2.5849 ha	-	50 127
Erf 13004, Paarl, Western Cape, in extent of 44.3918 ha	57 555	55 800
	131 314	189 439

4 INVESTMENT IN ASSOCIATE

Name of associate	Place of business	Principal activity	2021	2020	2021	2020
			%	%	R'000	R'000
Paarl Vallei Bottling Company Proprietary Limited	South Africa	Bottling	30.9	30.9	12 187	10 103
					12 187	10 103
Reconciliation of investment in associate						
At the beginning of the year					10 103	19 082
Share of the profits					2 310	2 326
Dividend received					(226)	(319)
Impairment of investment in associate					-	(10 986)
					12 187	10 103

During the prior year the value of the Company's investment in Paarl Vallei Bottling Company Proprietary Limited was reviewed based on forecast volumes and profitability and impaired to a value more reflective of its realisable value. The realisable value of the investment was determined using the price-earnings multiple in relation to the maintainable earnings of Paarl Vallei Bottling Company Proprietary Limited.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

5 OTHER FINANCIAL ASSETS

	2021 R'000	2020 R'000
Financial assets carried at fair value through profit or loss		
Equity securities	19 022	20 222
Non-current portion	19 022	20 222

Fair value of equity securities carried at fair value through profit or loss

The fair value of the listed equity instruments was determined using the quoted price available for the instruments.

6 DEFERRED TAXATION

	2021 R'000	2020 R'000
Movements in deferred taxation		
At the beginning of the year	(16 671)	(22 246)
Asset revaluations	-	5 649
Realisation of fair value remeasurements	9 064	-
Accelerated tax allowances	(149)	(1 312)
Provisions and accruals	(103)	(4)
Assessed losses	258	392
Fair value remeasurements of listed and unlisted shares	(1 511)	850
Lease smoothing	(542)	-
At the end of the year	(9 654)	(16 671)
Analysis of deferred taxation		
Accelerated tax allowances	(3 255)	(3 106)
Fair value remeasurements	(12 261)	(21 325)
Provisions and accruals	148	251
Assessed losses	650	392
Fair value remeasurements of listed and unlisted shares	5 606	-
Lease smoothing	(542)	7 117
	(9 654)	(16 671)
Composition of deferred taxation		
Deferred taxation assets	8 182	7 760
Deferred taxation liabilities	(17 836)	(24 431)
	(9 654)	(16 671)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

7 LEASES

Nature of leasing activities (in the capacity as lessee)

The group leases land from the Stellenbosch Municipality. The lease rentals are payable annually and escalates at the consumer price index rate. The lease has a remaining term of 21 years at the end of the current financial year.

	Land and buildings R'000	Total R'000
Reconciliation of carrying value: finance lease receivable		
2021		
Carrying value as at 1 April 2020	1 705	1 705
Interest income	175	175
Lease receipts	(145)	(145)
Carrying value as at 31 March 2021	1 735	1 735
2020		
Carrying value as at 1 April 2019	-	-
Transfer from right-of-use assets	1 672	1 672
Interest income	171	171
Lease receipts	(138)	(138)
Carrying value as at 31 March 2020	1 705	1 705
Reconciliation of carrying value: lease liabilities		
2021		
Carrying value as at 1 April 2020	1 705	1 705
Finance costs	175	175
Lease payments	(145)	(145)
Carrying value as at 31 March 2021	1 735	1 735
2020		
Carrying value as at 1 April 2019	1 672	1 672
Finance costs	171	171
Lease payments	(138)	(138)
Carrying value as at 31 March 2020	1 705	1 705

The table below analyses the group's lease liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Less than one year R'000	Between one and five years R'000	Over five years R'000	Total R'000
2021				
Lease liabilities	150	669	4 133	4 952
2020				
Lease liabilities	144	641	3 972	4 757

Residual value guarantees

None of the group's lease contracts contain residual value guarantees.

Committed leases not yet commenced

The group has not committed to any lease contracts which had not commenced by the reporting date.

Encumbrances

Lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

8 NOTES TO THE CASH FLOW STATEMENT

	2021 R'000	2020 R'000
Cash generated by operations		
Profit/(Loss) for the year	6 346	(14 783)
Taxation	(3 999)	(2 488)
Depreciation and amortisation	906	726
Profit on disposal of plant and equipment	(207)	(47)
Impairment of investment in associate	-	10 986
Share of equity-accounted earnings	(2 310)	(2 326)
Fair value adjustments of investment properties	-	6 964
Fair value adjustments of financial instruments	1 201	4 659
Investment income	(6 358)	(6 129)
Finance costs	2 865	1 348
Investment surplus	350	(951)
Lease smoothing	(1 935)	-
Other non-cash items	(205)	(626)
	(3 346)	(2 667)
Changes in working capital		
Inventory	(4)	(164)
Trade and other receivables	(248)	9 402
Trade and other payables	1 656	(800)
	1 404	8 438
Taxation paid		
Unpaid at the beginning of the year	697	687
Charged to the statement of profit and loss	(4 701)	(3 089)
Other	(38)	-
Unpaid at the end of the year	(2 437)	(697)
	(6 479)	(3 099)
Group		
Cash and cash equivalents		
Bank balances and deposits	102 666	47 009

Fair value of cash and cash equivalents

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments.

9 BORROWINGS

	2021 R'000	2020 R'000
Bank mortgages	33 281	33 991
Loans from non-controlling interests	3 751	2 351
	37 032	36 342
Current portion of borrowings	(5 212)	(3 296)
	31 820	33 046
Secured	33 281	33 991
Unsecured	3 751	2 351
	37 032	36 342

Loans from non-controlling interests, which includes an amount of R3.8 million (2020: R2.3 million) owing to Bell Vue Developments Proprietary Limited, are unsecured, bear no interest and have no fixed terms of repayment.

The bank borrowings bear interest at an effective rate of 7.89% (the fixed borrowings bear interest at 8.7% and the variable borrowings bear interest at prime less 1%). The facility is repayable in 60 instalments with a residual of approximately 72% maturing approximately 7 July 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

9 BORROWINGS *(continued)*

Movements in the carrying value of borrowings are as follows:

	Long-term borrowings R'000	Short-term borrowings R'000	Total R'000
Group			
2021			
Carrying value at the beginning of the year	33 046	3 296	36 342
Cash flows			
Raising of new debt	1 399	-	1 399
Debt repayments	-	(709)	(709)
Non-cash			
Transfer between long-term and short-term borrowings	(2 625)	2 625	-
Carrying value at the end of the year	31 820	5 212	37 032
2020			
Carrying value at the beginning of the year	-	-	-
Cash flows			
Raising of new debt	33 046	3 296	36 342
Carrying value at the end of the year	33 046	3 296	36 342

The following represents the book value of the security for these borrowings:

	2021 R'000	2020 R'000
Investment properties*	68 463	55 452
Maturity of these borrowings are as follows:		
Due within one year	1 462	3 296
Due within one to two years	1 762	1 750
Due within two to five years	5 224	8 491
Due after five years	28 585	22 804
	37 033	36 341
	%	%
Weighted average effective interest rates	7.89	6.75

* Investment properties, with a carrying value of R68.5 million (2020: R55.4 million), relates to La Concorde Builders Precinct properties over which mortgage bonds have been registered in favour of the debt providers to La Concorde Group included in borrowings.

All funding is denominated in South African Rands and bear a floating rate. At 31 March 2021 the carrying value of borrowings approximates their fair value as market-related interest rates apply.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

10 EVENTS AFTER REPORTING PERIOD

The directors have concluded a sale agreement in March 2021 in terms of which Erf 223, Klapmuts, was sold for R0.37 million. The transfer was successfully completed on 5 May 2021.

No other material events which may have a significant influence on the financial position of the group occurred between the end of the financial period and the date of circulation of the financial results.

11 GOING CONCERN

The directors reviewed the 2022 forecast to assess the impact of the coronavirus pandemic and no risks were identified which would impact the Company's status as a 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.

12 DIVIDENDS

The Board has resolved not to declare a final dividend.

COMMENTARY

The assets of La Concorde consist of investment property, art and cash, as well as Hosken Passenger Logistics & Rail (“HPL&R”) shares acquired during the acquisition and distribution of the group’s interest in that company. Further development of properties is continuously being considered, however, the current zoning of these properties will naturally result in significant delays.

During the period the income generated mainly consisted of rental income, recoveries of utilities and operating expenses, and interest and dividend income.

Operating expenses mainly consist of utility expenses, management fees, salaries, and repairs and maintenance required for the management of the properties.

Fair value adjustments to shares resulted from the decrease in the traded price of HPL&R shares. During the current period a dividend of R3.1 million was received from HPL&R.

The group concluded a sale agreement in July 2020. In terms of the agreement Erf 31366, Picardi Farm, Paarl, Western Cape, Erf 8677, Paarl, Western Cape and Erf 8676, Paarl, Western Cape were sold for R73 million. The transfer was successfully completed on 21 October 2020.

The group has concluded an offer to lease with Food Lover’s Market (“FLM”) for a building to be erected on the De Hoop Farm. The expected opening is during August 2021.

The coronavirus pandemic has had a significant impact on the reduced operations of the group. The longevity of the pandemic and consequent impact on the future profitability of the Company’s business, however, remain uncertain.

Signed on behalf of the Board of directors.

Cisco Pereira
Director

Cape Town
10 June 2021

ADMINISTRATIVE INFORMATION

REG NO.
2009/012871/06

DIRECTORS
JA Copelyn, LI Bethlehem, AF Pereira and Y Shaik

COMPANY SECRETARY
HCI Managerial Services Proprietary Limited

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TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited



LA CONCORDE
