

**ANNUAL GENERAL MEETING
OF THE MEMBERS OF GAMTOOS MOUTH HOME OWNERS ASSOCIATION (NPC),
REG NO: 1999/001483/08, TO BE HELD AT MENTORSKRAAL C/O N2 JBAY MAIN
OFF RAMP AND ST FRANCIS ST, JEFFREYS BAY, 6330,
SATURDAY, 5 DECEMBER 2020 AT 14H00**

***Notice of the above meeting, in terms of the Scheme's MOI, is hereby given.
Compulsory business to be transacted at this meeting has been included below.***

A G E N D A

- 1 Welcome
- 2 Attendance:
 - (a) Present
 - (b) Proxies
 - (c) Apologies
 - (d) In attendance
 - (e) Chairperson
 - (f) Quorum (*MOI 29 – 10% of members entitled to vote*)
- 3 Chairperson's Report [MOI 31.1.1]
- 4 Confirmation and adoption of minutes of previous Annual General Meeting dated 30 NOVEMBER 2019
- 5 Matters arising from the minutes of the previous Annual General Meeting
 - (a) Para 5(a) - Scheme Administration - Joint Management of the adjacent Kouga Municipal Caravan Park (Removal of Alien Vegetation)
 - (b) Para 5(c) - Scheme Administration – Control of Pets at the Resort
 - (c) Para 5(d) - Scheme Administration - Playground for phase 2
 - (d) Para 13(a) - Scheme Administration – Discussion regarding the potable water quality at the scheme / Ground water status (and testing thereof)
 - (e) Para 13(b) - Scheme Administration - Solar energy grid connections
 - (f) Para 13(c) - Scheme Administration – Installation of sign at entrance to the scheme
 - (g) Para 13(e) - Scheme Administration – Drainage at certain areas in Phase 1
 - (h) Para 13(i) - Scheme Administration – LED Street Lighting
 - (i) Para 13(j) - Scheme Administration – Composition of BOD/Exco & Meeting Venue
 - (j) Para 13(k) - Scheme Administration – Share Portfolio
 - (k) Para 13(l) - Scheme Administration - Membership of the Association
- 6 Consider and approve audited financial statements for the previous financial period ending 30 June 2020 [MOI 31.1.4 & 5]
- 7 Consider Auditor's Report and Appoint Auditor to hold office until the conclusion of the next Annual General Meeting [MOI 31.1.6]
- 8 Determining of the amount for fines, penalties and reconnection fees in terms of MOI 8.2.3 and plan submission fees in terms of MOI 49 for the ensuing year [MOI 31.1.7]
- 9 Determination of the domicilium citandi et executandi
- 10 Confirmation of the applicable Rules.
- 11 Special business of which due notice has been given:
 - (a) Amendment to Scheme MOI – Article 9: Special Resolution to amend the Memorandum

of Incorporation of the Company (“MOI”) in terms of Section 65 of the Companies Act 71 of 2008 (“the Act”) and the provisions of the MOI – see Annexure A and supporting documentation relating to the Amendments to the MOI – *inter alia* Substitution of Article 9.3.

12 Election of Directors in terms of the Constitution and / or Rules:

(a) Number of Directors in terms of MOI 9.3

(b) Nomination and Election of Directors [MOI 9.4].

(c) Any restrictions or directions, in addition to the following recommended directions:

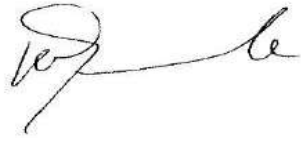
- i. Estimates of income and expenditure to run concurrent with financial year.
- ii. Compound interest, at a rate decided by a Directors’ resolution from time to time (currently 20%), to be added to arrears after 60 days; monthly statements to be sent specifically for the purpose of informing owners of variable charges only and not as a reminder in respect of levies / monies. Levies / monies are resolved to be payable monthly in advance. Payment must be received in the Association’s bank account by not later than the 5th working day of the month in which the said instalment is due.
- iii. Arrears limitation and debt collection procedures, as required in terms of the Debt Collector’s Act No. 114 of 1998, are implemented where owners are in default; relevant owners, except where the regulations prescribe costs are not recoverable from the debtor, to be debited with all administrative charges in respect of arrears.
- iv. At the expiry of every financial year the Directors shall approve, with or without amendment, the estimate of income and expenditure, and shall determine the amount estimated to be required to be levied upon the owners during the ensuing financial year. At least thirty days prior to the expiry of the scheme’s financial year the Directors shall advise each owner in writing of the amount payable by him or her in respect of the estimate, whereupon such amount shall become payable in instalments, as determined by the Directors.
- v. Interest earned on Home Owners Association funds to be retained in their account and no portion thereof paid over to the Estate Agency Affairs Board.
- vi. Payment of any insurance excess relating to damage to the common property caused by an individual, to be decided by the Directors. The Directors reserve the right to examine each case on its merit and apply their minds to the responsibility for the excess.
- vii. Notice for Directors’ meetings to be sent to the Directors only; any owner may, on written request, obtain notice of Directors’ meetings, and any related costs shall, subject to the owner signing consent, be debited to that owner’s levy account. Alternatively the documents may be viewed at the offices of the managing agent by mutual arrangement.
- viii. Taking cognizance of the Electronic Communications and Transactions Act 25 of 2002 and the Companies Act 71 of 2008, which gives electronic communications the same status as paper communications, the owners confirm that all communications, whether standard or for resolutions, should be sent to the owners’ preferred means of correspondence; whether this is electronic or postal.
- ix. English will be the language used for all communications and where the translation of any document into any of South Africa’s other ten official languages is required, the owner concerned will be responsible for the cost of the translation.

13 General topics for discussion [MOI 31.1.3]

(a) Scheme Administration – Transfer of POS to the Association

(b) Scheme Administration – Transfer of Office & Farmhouse to the Association

14 Provisional date of next Annual General Meeting.



SIGNED: _____

for **THE BELLBUOY GROUP**

Managing Agents for the Gamtoos Mouth Home Owners Association (NPC)

10 November 2020

Bellbuoy



Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual financial statements
for the year ended 30 June 2020

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Homeowners Association
Directors	A.J. Gouws C. Egberink L.J. Garner G.F. Rushmere T.H. Wooldridge
Business address	Gamtoos Mouth Portion 177 of the Farm Mauritzkraal No. 501 (Kasperski Outbuilding)
Postal address	P.O. Box 213 Thornhill 6375
Bankers	First National Bank Limited
Auditor	PKF (PE) Incorporated Registered Auditors Chartered Accountants (SA)
Company registration number	1999/001483/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were internally compiled by: C. Egberink

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

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

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Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

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 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 2021 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.

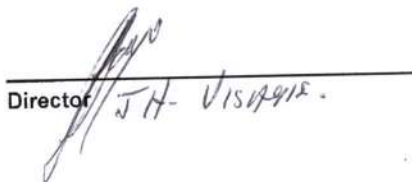
The external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and the report is presented on pages 4 to 6.

The annual financial statements set out on page 7 to 21, which have been prepared on the going concern basis, were approved by the board of directors on 9-11-2020 and were signed on its behalf by:

Director



Director



INDEPENDENT AUDITOR'S REPORT

To the members of Gamtoos Mouth Homeowners Association NPC

Opinion

We have audited the financial statements of Gamtoos Mouth Homeowners Association NPC set out on pages 8 to 21, which comprise the statement of financial position as at 30 June 2020, 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 Gamtoos Mouth Homeowners Association NPC as at 30 June 2020, 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.

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 homeowners association 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 directors' report set out on page 7. 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.

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B-BBEE Status Level 3 • 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 • S Kerr • 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.

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, 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.

In preparing the financial statements, the directors are responsible for assessing the homeowners association'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 homeowners association 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 homeowners association'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 homeowners association'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 homeowners association 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.



chartered accountants
& business advisers

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: Samantha Kerr CA (SA)

Registered Auditor

Port Elizabeth

Date: 9 November 2020

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Gamtoos Mouth Homeowners Association NPC for the year ended 30 June 2020.

1. Nature of business

The principal activity of the company is to promote the communal interest of the owners of the immovable property.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not require any further comment.

2. Directors

The directors in office during the year are as follows:

A.J. Gouws
C. Egberink
L.J. Garner
G.F. Rushmere
T.H. Wooldridge

3. 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 would require adjustments to the annual financial statements.

4. Going concern

Notwithstanding the operational and financial effects of the nationwide lockdown, 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 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.

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Notes	2020 R	2019 R
Assets			
Non-Current Assets			
Buildings, vehicles and equipment	2	998 354	1 101 074
Investments	3	1 631 691	2 214 475
		2 630 045	3 315 549
Current Assets			
Inventories	4	29 932	44 956
Trade and other receivables	5	129 462	61 400
Cash and cash equivalents	6	1 020 351	869 514
		1 179 745	975 870
Total Assets		3 809 790	4 291 419
Equity and Liabilities			
Equity			
Capital reserves		1 492 682	1 943 430
Development fund		1 015 255	1 015 255
Accumulated surplus		815 718	679 341
		3 323 655	3 638 026
Liabilities			
Non-Current Liabilities			
Instalment sale obligation	7	110 263	172 597
Deferred tax	8	55 641	201 204
		165 904	373 801
Current Liabilities			
Current tax payable		19 094	5 985
Instalment sale obligation	7	57 726	68 422
Trade and other payables	9	243 411	193 185
Deposits for electrical upgrades		-	12 000
		320 231	279 592
Total Liabilities		486 135	653 393
Total Equity and Liabilities		3 809 790	4 291 419

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2020 R	2019 R
Revenue			
Levies		2 247 700	2 136 420
Resale recovery		127 420	145 760
	10	2 375 120	2 282 180
Other income			
Rental income			
- Boat houses		48 000	45 600
- MTN tower		71 986	51 443
Interest		61 988	64 605
(Loss) Profit on sale of remotes		1 569	(363)
Sale of goods		5 200	4 550
Sundry income		39 067	34 555
Dividends received		77 629	110 844
Gains on disposal of assets		82 815	86 750
Insurance claims		46 747	-
		435 001	397 984
Expenses (Refer to page 10)			
		(2 605 514)	(2 348 004)
Operating profit	11	204 607	332 160
Finance costs	13	(16 055)	(14 392)
Fair value adjustment to listed investments		(635 375)	(346 615)
		(651 430)	(361 007)
Loss before taxation		(446 823)	(28 847)
Taxation	14	132 452	53 231
(Loss) profit for the year		(314 371)	24 384
Total comprehensive (loss) income for the year		(314 371)	24 384

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

STATEMENT OF COMPREHENSIVE INCOME

	Note	2020 R	2019 R
Operating expenses			
Administration and management fees (Investec)		25 384	29 579
Auditor's remuneration	12	30 249	31 115
Bank charges		26 659	32 899
Cleaning and casual labour		4 860	3 400
Computer expenses		7 807	9 577
Consumables		15 284	6 831
Depreciation		198 947	111 713
Electricity		1 430 629	1 209 843
Icasa licence		-	414
Insurance		102 160	87 298
Lease rentals		57 780	57 142
Legal and engineering expenses		1 840	1 955
Management and professional fees		701 160	687 555
Meeting expenses		1 194	1 183
Motor vehicle expenses		102 875	98 932
Printing, stationery and postage		26 415	8 504
Recoveries		(1 734 911)	(1 521 966)
Refuse removal		11 140	15 850
Repairs and maintenance		326 754	263 510
Resort administration fees		17 503	16 627
Salaries and wages		780 788	756 465
Security		242 622	221 436
Signs		3 141	1 733
Staff welfare and protective clothing		13 918	15 988
Telephone and fax		8 968	10 819
Water		202 348	189 602
		2 605 514	2 348 004

Gamtoos Mouth Homeowners Association NPC

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Annual Financial Statements for the year ended 30 June 2020

STATEMENT OF CHANGES IN EQUITY

	Capital reserves R	Development fund R	Total reserves R	Accumulated surplus R	Total equity R
Balance at 1 July 2018	2 155 652	999 478	3 155 130	442 735	3 597 865
Profit for the year		-	-	24 384	24 384
Transfer of revaluation of listed investments	(346 615)	-	(346 615)	346 615	-
Deferred taxation on decrease in valuation of listed investments	77 642	-	77 642	(77 642)	-
Transfer of profit on listed investments	56 751	-	56 751	(56 751)	-
Contribution from developer	-	15 777	15 777	-	15 777
Balance at 1 July 2019	1 943 430	1 015 255	2 958 685	679 341	3 638 026
Loss for the year		-	-	(314 371)	(314 371)
Transfer of revaluation of listed investments	(635 375)	-	(635 375)	635 375	-
Deferred taxation on decrease in valuation of listed investments	146 811	-	146 811	(146 811)	-
Transfer of profit on listed investments	37 816	-	37 816	(37 816)	-
Balance at 30 June 2020	1 492 682	1 015 255	2 507 937	815 718	3 323 655

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

STATEMENT OF CASH FLOWS

	Notes	2020 R	2019 R
Cash flows from operating activities			
Cash generated from operations	15	223 307	68 767
Interest income		61 988	64 605
Dividends received		77 629	110 844
Finance costs		(16 055)	(14 392)
Net cash from operating activities		346 869	229 824
Cash flows from investing activities			
Purchase of buildings, vehicles and equipment	2	(96 227)	(390 129)
Purchase of investments		(224 051)	(215 717)
Proceeds from disposal of investments		209 276	211 965
Net cash from investing activities		(111 002)	(393 881)
Cash flows from financing activities			
Deposit refunded		(12 000)	-
Movement in instalment sale obligation		(73 030)	127 168
Net cash from financing activities		(85 030)	127 168
Total cash movement for the year		150 837	(36 889)
Cash and cash equivalents at the beginning of the year		869 514	906 403
Total cash and cash equivalents at the end of the year	6	1 020 351	869 514

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared 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, except where otherwise indicated, 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 Buildings, vehicles and equipment

Buildings, vehicles and equipment are carried at cost less accumulated depreciation.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the buildings, vehicles and equipment, which is as follows:

Item	Average useful life
Equipment	3 - 6 years
Motor vehicles	4 - 5 years

Buildings are not depreciated.

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

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 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 and other receivables, loans and trade and other 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 are measured at cost less impairment.

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

ACCOUNTING POLICIES

1.2 Financial instruments (continued)

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, are measured at fair value through profit and loss.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The deferred tax balance reflects the effect of the possible outcomes of a review by the tax authorities.

Tax expenses

Current taxation and deferred taxes are charged or credited directly to equity if the taxation relates to items that are credited or charged, in the same or a different period, directly to equity.

Tax expense is recognised in the same component of total comprehensive income (i.e. continuing operations, discontinued operations, or other comprehensive income) or equity as the transaction or other event that resulted in the tax expense.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

ACCOUNTING POLICIES

1.4 Leases (continued)

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised in the statement of comprehensive income.

Any contingent rents are expensed in the period they are incurred.

1.5 Inventories

Inventories are measured at the lower of cost and selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis.

1.6 Revenue and expenses

All expenses applicable to the common property and administration are recovered from the various owners by means of a monthly levy. The levies receivable are accounted for on a straight line basis over the year and are decided amongst the owners.

Interest is recognised using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

1.7 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.8 Related parties

Parties are related if one party has the ability to control the other party, or exercise significant influence over the other party, in making financial and operating decisions.

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
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2. Buildings, vehicles and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
Buildings	626 378	-	626 378	594 448	-	594 448
Equipment	748 536	(641 418)	107 118	737 139	(559 735)	177 404
Motor vehicles	889 928	(625 070)	264 858	956 354	(627 132)	329 222
	2 264 842	(1 266 488)	998 354	2 287 941	(1 186 867)	1 101 074

Reconciliation of buildings, vehicles and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Buildings	594 448	31 930	-	626 378
Equipment	177 404	11 397	(81 683)	107 118
Motor vehicles	329 222	52 900	(117 264)	264 858
	1 101 074	96 227	(198 947)	998 354

Reconciliation of buildings, vehicles and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	594 448	-	-	-	594 448
Equipment	135 598	129 722	-	(87 916)	177 404
Motor vehicles	92 613	260 407	(1)	(23 797)	329 222
	822 659	390 129	(1)	(111 713)	1 101 074

Details of properties

Buildings

Buildings comprise of an ablution block, boat houses and general outbuildings situated on Erf 243, portion 32 of the farm Mauritzkraal, No 501 Uitenhage district. The slipway is situated on the remainder of Portion 174 of the farm Mauritzkraal No 501. The substation is situated on the remainder of Portion 220 of the farm Mauritzkraal No 501.

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
3. Investments		
At fair value		
Listed shares	1 631 691	2 214 475
Non-current assets		
At market value	1 631 691	2 214 475
Cost of shares	1 455 354	1 402 763
Surplus on revaluation of shares	176 337	811 712
	1 631 691	2 214 475
Details of listed shares		
Listed - at fair value		
400 Anglo American PLC	157 932	161 040
75 Anglo Gold Ashanti Ltd	36 539	-
100 Anheuser-Busch Inbev SA	85 100	124 578
600 Aspen Pharmacare Holdings Ltd	86 616	60 270
AVI Ltd	-	100 496
700 BHP Billiton PLC	245 553	252 532
425 Bidvest Ltd	61 200	56 805
300 British American Tobacco Ltd	199 680	148 350
4755 First Rand Bank Ltd	178 122	130 245
100 Investec Ltd	3 353	9 185
200 Investec PLC	6 728	18 268
Kap Industrial Holdings Ltd	-	26 736
1670 Murray and Roberts Holdings Ltd	8 667	24 215
Nampak Ltd	-	10 250
20 Naspers Ltd	62 069	-
600 Nedbank Group Ltd	62 022	151 920
Netcare Ltd	-	8 990
50 Ninety One Ltd	2 180	-
100 Ninety One PLC	4 439	-
325 PSG Group Ltd	50 980	77 678
20 Prosus N.V.	31 027	-
Rand Merch Ins Holdings Ltd	-	122 292
150 Reinet Investments S.C.A.	43 840	34 077
540 Remgro Ltd	54 286	101 466
2177 RMB Holdings Ltd	3 418	151 920
700 Sasol Ltd	92 750	245 147
1000 Sibanye Stillwater Ltd	35 180	-
100 Shoprite Holdings Ltd	10 724	15 766
600 Standard Bank Group Ltd	62 058	118 002
550 The Foschini Group Ltd	37 400	49 583
300 Woolworths Holdings Ltd	9 828	14 664
	1 631 691	2 214 475

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
4. Inventories		
Fuel, remotes, water meters and EDU's	29 932	44 956
5. Trade and other receivables		
Levies receivable	287 347	227 108
Levies in advance	(157 885)	(165 708)
	129 462	61 400
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1 129	997
Bank balances	1 019 222	868 517
	1 020 351	869 514
7. Instalment sale obligation		
Non-current liabilities	110 263	172 597
Current liabilities	57 726	68 422
	167 989	241 019
<p>Instalment sale agreements repayable in monthly instalments over a period of five years at an interest rate of prime less 1.25%, secured over motor vehicles with a carrying value of R225 832 (2019: R329 214).</p>		
8. Deferred tax		
Deferred tax liability		
Fair value adjustment on investments	(39 499)	(181 824)
Property, plant and equipment	(16 142)	(19 380)
Total deferred tax liability	(55 641)	(201 204)
Reconciliation of deferred tax liability		
At beginning of year	(201 204)	(259 465)
Fair value adjustment on investments	142 325	77 641
Property, plant and equipment	3 238	(19 380)
	(55 641)	(201 204)
9. Trade and other payables		
Other payables	6 365	7 639
Accrued expenses	237 046	185 546
	243 411	193 185

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
10. Revenue		
Levies	2 247 700	2 136 420
Resale recovery	127 420	145 760
	2 375 120	2 282 180
11. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Income from subsidiaries		
Dividends	77 629	110 844
Operating lease charges		
Premises		
• Office and tipsite	57 780	57 142
Profit on sale of buildings, vehicles and equipment	(44 999)	29 999
(Profit) Loss on sale of investments	(37 816)	(56 751)
Depreciation on property, plant and equipment	198 947	111 713
Employee costs	780 788	756 465
12. Auditor's remuneration		
Current year provision	28 664	27 034
Tax and secretarial services	1 585	4 081
	30 249	31 115
13. Finance costs		
Instalment sale obligations	16 055	14 392
14. Taxation		
Major components of the tax income		
Current		
Local income tax - current period	9 783	5 031
Local income tax - recognised in current tax for prior periods	3 326	-
	13 109	5 031
Deferred		
Originating and reversing temporary differences	-	(58 262)
Fair value of investments	(145 561)	-
	(145 561)	(58 262)
	(132 452)	(53 231)

The company is taxed in terms of Section 10(i)(e) of the Income Tax Act.

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
15. Cash generated from operations		
Loss before taxation	(446 823)	(28 847)
Adjustments for:		
Depreciation	198 947	111 713
(Profit) Loss on sale of investments	(37 816)	(56 751)
Dividends received	(77 629)	(110 844)
Finance costs	16 055	14 392
Fair value adjustments	635 375	346 615
Interest received	(61 988)	(64 605)
Contribution from developer	-	15 777
Changes in working capital:		
Inventories	15 024	(24 028)
Trade and other receivables	(68 061)	(71 352)
Trade and other payables	50 223	(63 303)
	223 307	68 767
16. Tax refunded		
Balance at beginning of the year	(5 985)	(954)
Current tax for the year recognised in profit or loss	(13 109)	(5 031)
Balance at end of the year	19 094	5 985
	-	-
17. Related parties		
Relationships		
Developer	Gamtoos Mouth Investments (Pty) Ltd	
Related party transactions		
Management fee paid to related party		
Gamtoos Mouth Investments (Pty) Ltd	68 040	63 749
Lease rentals paid to related party		
Gamtoos Mouth Investments (Pty) Ltd	57 780	57 142
18. Directors' emoluments		
For other services		
C. Egberink (architectural and other services)	80 947	75 584

No directors have service contracts in their capacity as directors and no fees are paid to directors in their capacity as directors.

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2020	2019
R	R

19. Financial instruments

Credit risk management

Potential concentrations of credit risk consist principally of accounts receivable and short-term cash investments. At the end of the year the directors did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

Fair values

The carrying amounts of the financial assets and liabilities reported in the statement of financial position approximate fair values at the end of the year.

20. Going concern

Notwithstanding the operational and financial effects of the nationwide lockdown, 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 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.

GAMTOOS MOUTH HOME OWNERS ASSOCIATION NPC

(Registration Number 1999/0011483/08)

("Association", "Company" or "GAMHOA")

**ANNEXURE "A" TO THE AGENDA FOR THE ANNUAL GENERAL MEETING OF
GAMHOA TO BE HELD ON 5 DECEMBER 2020**

Proposed Special Resolution to amend the Memorandum of Incorporation of the Company ("MOI") in terms of Section 65 of the Companies Act 71 of 2008 ("the Act") and the provisions of the MOI, to be proposed at the Annual General Meeting of GAMHOA to be held on 5 December 2020.

1. Background

- 1.1 The proposed Special Resolution is to amend the current MOI of the Company under the Act, and requires 75% of the voting rights of the Company to be exercised for it to be passed.
- 1.2 In terms of the current MOI, the Developer as defined is entitled during the Development Period as defined to appoint 4 (four) directors to the Board of the Company and the Members other than the Developer are entitled to appoint 2 (two) Directors.
- 1.3 The Developer would like to hand control of the Board and the day to day affairs of the Company to Members for the remainder of the Development Period without impacting on the Developer's rights to complete the final phase of the development (Phase 3).
- 1.4 To achieve this, the proposed Special Resolution if passed will entitle the Members other than the Developer to appoint 3 (three) directors and the Developer to appoint 2 (two) for the remainder of the Development Period. After the Development Period has ceased, all Directors of the Company will be appointed by the Members in the ordinary course.
- 1.5 As the development is still in the Development Period, the Developer has sufficient votes to confer a simple majority of votes at any meeting in terms of the MOI. In order to ensure that the Members other than the Developer resolve whether or not to adopt the proposed amendment to the MOI, the Developer has undertaken to support and vote with the majority decision of the Members voting

should they support the proposed Special Resolution which will cause the required threshold of 75% of voting rights to be achieved for the Special Resolution to pass. Should the majority of voting members reject the proposed Special Resolution, it will fail and the MOI will remain unchanged.

2. Proposed Special Resolution

RESOLVED THAT the company's Memorandum of Incorporation be and is hereby amended by the deletion in its entirety of article 9.3 of the existing Memorandum of Incorporation and substitution of the following new article 9.3 in its place, to read as follows:

“During the development period:

9.3.1 The Developer shall be entitled to appoint 2 (two) Directors to the Board of Directors;

9.3.2 Members other than the Developer shall be entitled to appoint 3 (three) Directors.”

The reason for and effect of the special resolution is to amend article 9.3 of the Memorandum of Incorporation of the company, to provide that the Members other than the Developer are entitled to appoint the majority of Directors to the Board of the company for the remainder of the development period (and thereafter).

Shareholders of the company approving the above special resolution:

Name:

Date: