

PLEASE RETURN TO:  
PKF (P.E.) Inc.

**GAMTOOS MOUTH HOMEOWNERS ASSOCIATION NPC**

**ANNUAL FINANCIAL STATEMENTS  
30 JUNE 2011**

**GAMTOOS MOUTH HOMEOWNERS ASSOCIATION NPC**

**ANNUAL FINANCIAL STATEMENTS**

**for the year ended 30 June 2011**

**DIRECTORATE AND ADMINISTRATION**

<b>Country of incorporation</b>	Republic of South Africa
<b>Nature of business</b>	Homeowners Association
<b>Directors</b>	C Egberink M W Rushmere C G Rushmere Z Hayes S Stockley G F Rushmere
<b>Business address</b>	Bloomingdales Office Park Ninth Avenue Walmer 6070
<b>Postal address</b>	P O Box 6267 Walmer Port Elizabeth 6065
<b>Bankers</b>	First National Bank
<b>Auditors</b>	PKF (P.E.) Incorporated Chartered Accountants (S.A.) Registered Auditors
<b>Company registration number</b>	1999/001483/08
<b>Level of assurance</b>	The annual financial statements have been audited voluntarily as determined by the company's directors
<b>Preparer</b>	The annual financial statements were independently compiled by: Lee Battle CA (SA)

# GAMTOOS MOUTH HOMEOWNERS ASSOCIATION NPC

## ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2011

Contents	Page
Report of the independent auditors	3
Directors' report	4
Statement of financial position	5
Statement of comprehensive income	6 - 7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 14

### Directors' responsibility and approval

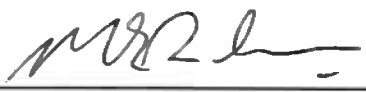
The annual financial statements set out on pages 4 to 14 are the responsibility of the directors.

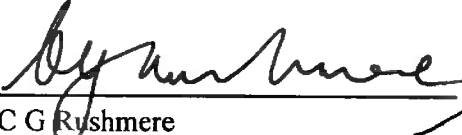
The directors are responsible for selecting and adopting sound accounting practices, for maintaining an adequate and effective system of accounting records, for the safeguarding of assets, and for developing and maintaining a system of internal control that, amongst other things, will ensure the preparation of financial statements that achieve fair presentation.

After conducting appropriate procedures the directors are satisfied that the company will be a going concern for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

The annual financial statements were approved by the board of directors on 6 October 2011 and signed on its behalf.

  
\_\_\_\_\_  
C Egberink

  
\_\_\_\_\_  
M W Rushmere

  
\_\_\_\_\_  
C G Rushmere

  
\_\_\_\_\_  
Z Hayes



chartered accountants  
& business advisers

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GAMTOOS MOUTH HOMEOWNERS ASSOCIATION NPC**

### **Report on the Financial Statements**

We have audited the annual financial statements of Gamtoos Mouth Homeowners Association NPC, which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 14.

### **Directors' responsibility for the financial statements**

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Companies Act in South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

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 2011, and its financial performance and cash flows for the year ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act in South Africa.

*PKF (P.E.) Inc*

**PKF (P.E.) Incorporated  
Chartered Accountants (S.A.)  
Registered Auditors**

**Port Elizabeth  
6 October 2011**

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PKF (PE) Inc. Registered Auditors Chartered Accountants (SA) A member of PKF International Ltd Reg No. 2002/004678/21

Directors: D J Robertson, L Battle, M C Daverin, S Mao-Cheia, A J C Reid, L D Van Goeverden, I G Whittall

Consultants: B Fanarof, R H Gillies, A Strelitz, B E C White | Director of Associated Companies: E Reed | Office Manager: W Goedde

PKF South Africa Inc is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms. PKF in South Africa practise as separate incorporated entities in Bloemfontein, Cape Town, Durban, George, Johannesburg, Port Elizabeth, Pretoria and Welkom.

## **GAMTOOS MOUTH HOMEOWNERS ASSOCIATION NPC**

### **DIRECTORS' REPORT for the year ended 30 June 2011**

The directors present their annual report which forms part of the audited annual financial statements of the company for the year ended 30 June 2011.

#### **DIRECTORS**

The directors of the company during the accounting period and up to the date of this report were as follows:

C Egberink  
M W Rushmere  
C G Rushmere  
Z Hayes  
S Stockley  
G F Rushmere  
J Raath - resigned 9 December 2010

#### **FINANCIAL RESULTS**

The results of the company and the state of its affairs are set out in the attached financial statements and do not, in the directors' opinion, require further comments.

#### **PRINCIPAL ACTIVITY OF THE COMPANY**

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

#### **EVENTS AFTER THE REPORTING PERIOD**

The directors are not aware of any matter or circumstance arising since the end of the financial year that requires disclosure.

**GAMTOOS MOUTH HOMEOWNERS ASSOCIATION NPC**

**STATEMENT OF FINANCIAL POSITION**  
**as at 30 June 2011**

	Notes	2011 R	2010 R
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Buildings, vehicles and equipment	2	2 211 975	2 060 582
Investments	3	674 136	607 389
		1 537 839	1 453 193
<b>CURRENT ASSETS</b>			
Inventories	8	385 725	324 475
Trade and other receivables		33 376	16 643
Taxation		198 824	134 933
Bank balances		1 001	1 044
		152 524	171 855
<b>TOTAL ASSETS</b>		<b>2 597 700</b>	<b>2 385 057</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Development fund and maintenance provision		2 335 506	2 194 347
Capital reserves	11	924 398	859 097
Accumulated loss		1 556 778	1 431 723
		(145 670)	(96 473)
<b>NON-CURRENT LIABILITIES</b>			
Long term borrowing	4	144 929	73 832
Deferred taxation	9	61 871	-
		83 058	73 832
<b>CURRENT LIABILITIES</b>			
Current portion of long term borrowing	4	117 265	116 878
Trade and other payables		19 326	-
Deposits for electrical upgrades		85 939	104 878
		12 000	12 000
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2 597 700</b>	<b>2 385 057</b>

**GAMTOOS MOUTH HOMEOWNERS ASSOCIATION NPC**

**INCOME STATEMENT**

**for the year ended 30 June 2011**

	Note	2011 R	2010 R
LEVIES RECEIVED		977 750	837 910
Normal		931 680	769 500
Resale recovery		46 070	68 410
OTHER INCOME		104 150	71 723
Dividends received		45 900	38 268
Interest received		2 932	5 408
Profit on disposal of plant and equipment		12 292	-
Profit on sale of remotes		925	1 130
Sundry income		15 021	1 957
Rent received		27 080	24 960
TOTAL INCOME		1 081 900	909 633
EXPENDITURE (Page 7)		1 131 779	999 292
OPERATING LOSS		(49 879)	(89 659)
Capital profit on sale of listed investments		68 379	70 187
Fair value adjustment to listed shares		65 902	187 399
PROFIT BEFORE TAXATION		84 402	167 927
TAXATION	5	(8 544)	(26 236)
NET PROFIT FOR THE YEAR		75 858	141 691

# GAMTOOS MOUTH HOMEOWNERS ASSOCIATION NPC

## INCOME STATEMENT

for the year ended 30 June 2011

	Note	2011 R	2010 R
<b>EXPENDITURE</b>			
Administration fees paid		19 506	18 098
Auditors' remuneration		12 013	12 883
Audit fee - current year		9 854	10 790
- under (over) provision		520	(580)
Fees for other services		1 639	2 673
Bad debts		8 290	(1 625)
Bank charges		29 444	31 570
Cleaning		1 076	826
Computer expenses and survey fees		2 940	1 886
Depreciation		73 267	60 015
Plant and equipment		52 485	46 913
Motor vehicles		20 782	13 102
Electricity		693 670	596 996
Entertainment		1 607	2 069
Insurance		40 353	36 716
Interest paid		2 783	-
Legal expenses		136	(831)
Management salaries		147 408	137 888
Managing agents fee	6	310 500	286 200
Medical supplies		-	485
Motor vehicle expenses		36 150	28 063
Printing and stationery		3 082	1 042
Protective clothing		2 148	524
Recoveries		(817 055)	(687 414)
- Electricity		(663 364)	(546 626)
- Rental - MTN		(27 378)	(25 329)
- Rubble removal		(5 985)	(4 075)
- Water		(120 328)	(111 384)
Refuse removal		65 120	60 441
Repairs and maintenance		139 658	101 519
Resort administration fees		25 684	24 036
Security		16 018	13 520
Signs		2 637	4 362
Sundry disbursements	6	62 448	60 096
Telephone and fax		4 769	1 524
Travel		773	372
Wages		112 656	97 052
Water		134 698	110 979
		<u>1 131 779</u>	<u>999 292</u>



**GAMTOOS MOUTH HOMEOWNERS ASSOCIATION NPC**

**STATEMENT OF CHANGES IN EQUITY**  
for the year ended 30 June 2011

	Capital reserves R	Development fund R	Provision for future maintenance R	Accumulated loss R	Total R
Balance at 1 July 2009	1 200 373	795 032	13 169	(6 814)	2 001 760
Total comprehensive income for the year				141 691	141 691
Deferred taxation on increase in revaluation of listed investments - prior year	(26 236)			26 236	-
Transfer of deficit on revaluation of listed investments	187 399			(187 399)	-
Profit on disposal of listed investments	70 187			(70 187)	-
Contribution from developer		50 896			50 896
Balance at 30 June 2010	1 431 723	845 928	13 169	(96 473)	2 194 347
Total comprehensive income for the year				75 858	75 858
Deferred taxation on increase in revaluation of listed investments	(9 226)			9 226	-
Transfer of deficit on revaluation of listed investments	65 902			(65 902)	-
Profit on disposal of listed investments	68 379			(68 379)	-
Contribution from developer		65 301			65 301
Balance at 30 June 2011	1 556 778	911 229	13 169	(145 670)	2 335 506

**GAMTOOS MOUTH HOMEOWNERS ASSOCIATION NPC**

**CASH FLOW STATEMENT**  
for the year ended 30 June 2011

	Note	2011 R	2010 R
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>		(22 441)	(56 534)
Profit before taxation		84 402	167 927
Adjustments		(54 054)	(190 351)
Profit on disposal of plant and equipment		(12 292)	-
Depreciation		73 267	60 015
Interest received		(2 932)	(5 408)
Dividends received		(45 900)	(38 268)
Interest paid		2 783	-
Contribution from developer		65 301	50 896
Capital profit on disposal of shares		(68 379)	(70 187)
Fair value adjustment to shares		(65 902)	(187 399)
Operating profit (loss) before working capital changes		30 348	(22 424)
Working capital changes		(99 563)	(24 638)
Increase in inventory		(16 733)	(11 568)
Increase in trade and other receivables		(63 891)	(42 174)
(Decrease) increase in trade and other payables		(18 939)	29 104
Cash absorbed by operations		(69 215)	(47 062)
Interest received		2 932	5 408
Interest paid		(2 783)	-
Dividends received		45 900	38 268
Taxation refunded (paid)	10.1	725	(53 148)
<b>NET CASH INFLOW (OUTFLOW) FROM INVESTING ACTIVITIES</b>		(78 087)	117 940
Purchase of plant and equipment		(140 722)	(54 909)
Proceeds on disposal of plant and equipment		13 000	-
Purchase of investments		(211 382)	(49 413)
Proceeds on disposal of shares		261 017	222 262
<b>NET CASH FROM FINANCING ACTIVITIES</b>			
Proceeds from long term borrowings		81 197	-
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		(19 331)	61 406
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		171 855	110 449
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		152 524	171 855

# GAMTOOS MOUTH HOMEOWNERS ASSOCIATION NPC

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30 June 2011

### 1. ACCOUNTING POLICIES

The annual financial statements have been prepared for the first time in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

The transition from the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities, the company's previous financial reporting framework, to the International Financial Reporting Standard for Small and Medium-sized Entities, has had no material effect on the company's financial position, financial performance and cash flows.

#### 1.1 Investments

All investments are initially recognised at cost, including acquisition charges associated with the investment. After initial recognition, investments are measured at fair value. Fair value gains or losses on investments are recognised in the statement of comprehensive income.

#### 1.2 Buildings, vehicles and equipment

Plant and equipment is stated at historical cost less depreciation.

Depreciation is calculated on the straight-line basis at the following rates:

Equipment	16.6 - 33.3%
Motor vehicles	20 - 25%

Buildings are stated at cost or valuation at date of acquisition and are not depreciated.

#### 1.3 Taxation

Deferred taxation is provided at legislated rates. Full provision is made for all temporary differences between the tax base of an asset or liability and its statement of financial position carrying amount.

#### 1.4 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, trade creditors and borrowings. These instruments are generally carried at their estimated fair value.

#### 1.5 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.

2011	2010
R	R

### 2. BUILDINGS, VEHICLES AND EQUIPMENT

Gross carrying amount

Buildings	485 927	485 927
Equipment	271 830	266 835
Motor vehicles	256 438	154 711
	<u>1 014 195</u>	<u>907 473</u>

**GAMTOOS MOUTH HOMEOWNERS ASSOCIATION NPC**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**30 June 2011**

	2011 R	2010 R
<b>2. BUILDINGS, VEHICLES AND EQUIPMENT (<i>Continued</i>)</b>		
Accumulated depreciation		
Equipment	208 080	155 595
Motor vehicles	<u>131 979</u>	<u>144 489</u>
	<u>340 059</u>	<u>300 084</u>
Net carrying amount		
Buildings	485 927	485 927
Equipment	63 750	111 240
Motor vehicles	<u>124 459</u>	<u>10 222</u>
	<u>674 136</u>	<u>607 389</u>
 Description of Buildings		
Buildings comprise of an ablution block, boat houses, slipway and general out buildings situated on Erf 243, portion 32 of the farm Mauritz Kraal, no. 501 Uitenhage district.		
<b>Reconciliation of carrying amount:</b>		
Equipment		
Net carrying amount at beginning of year	111 240	103 244
Additions	4 995	54 909
Depreciation	<u>(52 485)</u>	<u>(46 913)</u>
Net carrying amount at end of year	<u>63 750</u>	<u>111 240</u>
Motor vehicles		
Net carrying amount at beginning of year	10 222	23 324
Additions	135 727	-
Disposals	(708)	-
Depreciation	<u>(20 782)</u>	<u>(13 102)</u>
Net carrying amount at end of year	<u>124 459</u>	<u>10 222</u>

# GAMTOOS MOUTH HOMEOWNERS ASSOCIATION NPC

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

30 June 2011

	2011 R	2010 R
<b>3. INVESTMENTS</b>		
Listed shares		
Cost	944 562	925 818
Market value	1 537 839	1 453 193
Details of listed shares		
300 Adcock Ingram Hlgs Ltd	17 667	-
1600 African Bank Investments	61 811	-
1600 RMB Holdings Ltd	17 222	25 237
500 Murray and Roberts Hldgs	19 593	-
300 British American Tobacco Ltd	57 520	32 972
1600 Rand Merch Ins Hldgs Ltd	8 019	-
1500 First Rand Bank Ltd	20 129	23 151
800 Raubex Group Ltd	18 451	-
916 Aspen Pharmacare Holdings Ltd	22 558	22 558
550 Anglo American PLC	108 429	108 429
300 SAB Miller PLC	20 401	20 401
0 Reunert Ltd	-	22 668
0 Gold Fields Ltd	-	38 249
0 ABSA Group Ltd	-	56 586
600 MTN Group Ltd	56 047	56 047
600 Nedbank Group Ltd	45 413	60 551
550 Bhp Billiton PLC	65 553	77 471
1200 Impala Platinum Holdings Ltd	105 521	123 107
800 Mr Price Group Ltd	24 594	30 742
600 Standard Bank Group Ltd	56 138	25 641
2000 Pick 'n Pay Holdings Ltd	20 465	30 697
400 Remgro Ltd	15 629	15 657
1000 Sappi Ltd	50 759	50 759
600 Sasol Ltd	132 643	104 895
	944 562	925 818
Surplus on revaluation of shares at cost	593 277	527 375
Listed shares at market value	1 537 839	1 453 193
<b>4. LONG TERM BORROWING</b>		
Secured loan		
Wesbank	81 197	-
Instalment sale creditor repayable in equal instalments over a period of four years at an interest rate of 8%, secured over a motor vehicle with a carrying amount of R108 055.		
Current portion of long-term borrowings	(19 326)	-
	61 871	-

**GAMTOOS MOUTH HOMEOWNERS ASSOCIATION NPC**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**30 June 2011**

	2011 R	2010 R
<b>5. TAXATION</b>		
South African normal taxation		
Current taxation		
Prior year overprovision	(682)	-
Deferred taxation		
Current year	9 226	26 236
	<u>8 544</u>	<u>26 236</u>

The association is taxed in terms of Section 10(1)(e) of the Income Tax Act.

No tax was provided for the current year as taxable income is below the R50 000 threshold allowed by Section 10(1)(e) of the Income Tax Act.

**6. RELATED PARTY INFORMATION**

The aggregate amounts brought to account in respect of the following transaction types and in each class of related party were:

Transaction type	Class of related party		
Managing agent fee	Developer	<u>310 500</u>	<u>286 200</u>
Sundry disbursements	Developer	<u>62 448</u>	<u>60 096</u>

**7. 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.

**GAMTOOS MOUTH HOMEOWNERS ASSOCIATION NPC**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**30 June 2011**

	2011 R	2010 R
<b>8. INVENTORIES</b>		
Fuel	18 112	12 758
Electricity dispensing units	10 824	-
Security gate remotes	4 440	3 885
	<u>33 376</u>	<u>16 643</u>
<b>9. DEFERRED TAXATION</b>		
Revaluation of listed shares	<u>83 058</u>	<u>73 832</u>
Reconciliation between deferred taxation opening and closing balance:		
Deferred tax liability at beginning of year	73 832	47 596
Originating temporary differences on revaluation of listed shares	<u>9 226</u>	<u>26 236</u>
Balance at end of year	<u>83 058</u>	<u>73 832</u>
<b>10. NOTES TO THE CASH FLOW STATEMENT</b>		
<b>10.1 Reconciliation of taxation paid during year</b>		
Overpaid (unpaid) at beginning of year	1 044	(52 104)
Charged in income statement	(8 544)	(26 236)
Adjusted for deferred tax	9 226	26 236
Overpaid at end of year	<u>(1 001)</u>	<u>(1 044)</u>
(Payment made) refund received	<u>725</u>	<u>(53 148)</u>
<b>11. CAPITAL RESERVES</b>		
Capital profit on sale of shares	690 792	622 413
Surplus on revaluation of shares		
- Balance brought forward	527 375	339 976
- Current year	65 902	187 399
- Deferred tax	<u>593 277</u>	<u>527 375</u>
	<u>(83 058)</u>	<u>(73 832)</u>
	510 219	453 543
Fair value adjustments to fixed assets		
- Boat houses	209 148	209 148
- Slipway	123 864	123 864
- Fire fighting trailer	12 546	12 546
- Fire fighting equipment	<u>10 209</u>	<u>10 209</u>
	<u>1 556 778</u>	<u>1 431 723</u>