

PLEASE RETURN TO:  
PKF (PE) Inc.

**Gamtoos Mouth Homeowners Association NPC**

(Registration number 1999/001483/08)

Annual financial statements  
for the year ended 30 June 2014

# Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2014

## GENERAL INFORMATION

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

# Gamtoos Mouth Homeowners Association NPC

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Annual Financial Statements for the year ended 30 June 2014

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

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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 auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

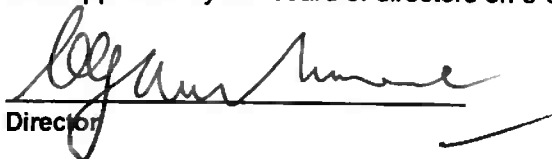
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 30 June 2015 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 and 5.

The annual financial statements set out on pages 7 to 20, which have been prepared on the going concern basis, were approved by the board of directors on 8 October 2014 and were signed on its behalf by:

  
Director

  
Director



chartered accountants  
& business advisers

## INDEPENDENT AUDITOR'S REPORT

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### To the shareholders of Gamtoos Mouth Homeowners Association NPC

We have audited the financial statements of Gamtoos Mouth Homeowners Association NPC set out on pages 7 to 20, which comprise the statement of financial position as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

#### 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 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.

#### 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 about 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 audit 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 2014, 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.

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

Directors: DJ Robertson, L Battle, D Bodemer, MC Daverin, S Kerr, S Mao-Cheia, LD van Goeverden, GP van Zyl, IG Whittal

Director of Associated Companies: E Reed | Office Manager: W Goedde

PKF (PE) 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 Durban, Port Elizabeth and Welkom.



chartered accountants  
& business advisers

**Other reports required by the Companies Act**

As part of our audit of the financial statements for the year ended 30 June 2014, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The directors' report is the responsibility of the directors. Based on reading the directors' report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited the directors' report and accordingly do not express an opinion thereon.

*PKF (PE) Inc*

**PKF (PE) Inc.**  
Registered Auditors  
Chartered Accountants (S.A.)

**Per L Battle CA (SA)**

Port Elizabeth  
8 October 2014

# Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2014

## DIRECTORS' REPORT

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The directors submit their report for the year ended 30 June 2014.

### 1. Review of activities

#### Main business and operations

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

### 3. Events after the reporting period

The directors are not aware of any material fact or circumstance arising between the end of the financial year and the date of this report that would require adjustments to the annual financial statements.

### 4. Directors

The directors of the company during the year and to the date of this report are as follows:

	Changes
A G Blackie	Appointed 28 November 2013
A J Gouws	
C Egberink	
L J Garner	Appointed 16 November 2013
C G Rushmere	
G F Rushmere	
M W Rushmere	Resigned 16 November 2013
C S Smith	Resigned 16 November 2013
J H Visagie	
T H Wooldridge	Appointed 28 November 2013

# Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2014

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	2014 R	2013 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Buildings, vehicles and equipment	2	786 157	846 080
Investments	3	2 219 464	1 724 115
		<b>3 005 621</b>	<b>2 570 195</b>
<b>Current Assets</b>			
Inventories	5	53 385	36 139
Trade and other receivables	6	41 490	356 280
Cash and cash equivalents	7	540 688	162 449
		<b>635 563</b>	<b>554 868</b>
<b>Total Assets</b>		<b>3 641 184</b>	<b>3 125 063</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Capital reserves		2 354 050	1 959 968
Development fund and maintenance provision		942 759	937 815
Accumulated loss		(115 966)	(200 965)
		<b>3 180 843</b>	<b>2 696 818</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Instalment sale obligation	8	32 011	76 109
Deferred tax	4	240 441	150 167
		<b>272 452</b>	<b>226 276</b>
<b>Current Liabilities</b>			
Current tax payable		13 180	13 180
Instalment sale obligation	8	43 795	45 887
Trade and other payables	10	118 914	130 902
Deposits for electrical upgrades	9	12 000	12 000
		<b>187 889</b>	<b>201 969</b>
<b>Total Liabilities</b>		<b>460 341</b>	<b>428 245</b>
<b>Total Equity and Liabilities</b>		<b>3 641 184</b>	<b>3 125 063</b>

# Gamtoos Mouth Homeowners Association NPC

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Annual Financial Statements for the year ended 30 June 2014

## STATEMENT OF COMPREHENSIVE INCOME

	Notes	2014 R	2013 R
<b>Revenue</b>			
Levies		1 389 353	1 334 260
Resale recovery		95 012	94 749
	11	<b>1 484 365</b>	<b>1 429 009</b>
<b>Other income</b>			
Rental income - boat houses		33 675	32 400
- MTN tower		36 514	32 136
Interest		44 521	33 829
Profit on sale of remotes		3 888	461
Sale of goods		3 903	-
Sundry income		31 487	25 471
Dividend revenue		64 608	57 647
Capital profit on sale of listed investments		827	104 547
Fair value adjustment to listed shares	14	483 530	124 822
		<b>702 953</b>	<b>411 313</b>
<b>Expenses (Refer to page 9)</b>		<b>(1 607 798)</b>	<b>(1 506 928)</b>
<b>Operating profit</b>	12	<b>579 520</b>	<b>333 394</b>
Finance costs	15	(10 164)	(13 365)
<b>Profit before taxation</b>		<b>569 356</b>	<b>320 029</b>
Taxation	16	(90 275)	(36 484)
<b>Profit for the year</b>		<b>479 081</b>	<b>283 545</b>

# Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2014

## STATEMENT OF COMPREHENSIVE INCOME

	Note	2014 R	2013 R
<b>Operating expenses</b>			
Administration and management fees		22 795	20 017
Auditor's remuneration	13	16 518	16 856
Bad debts		855	1 365
Bank charges		27 284	20 789
Cleaning		2 360	2 900
Computer expenses		9 255	15 084
Consumables		6 058	1 834
Depreciation		136 066	121 680
Electricity		910 112	840 965
Entertainment		5 011	10 328
First aid supplies		-	210
Insurance		47 466	51 195
Lease rentals		38 817	40 282
Legal expenses		-	26 259
Licence		338	-
Management salaries		167 760	156 390
Managing agents fee		305 946	311 737
Motor vehicle expenses		58 654	55 648
Printing, stationery and postage		25 076	30 353
Recoveries		(918 040)	(918 290)
Refuse removal		19 077	7 586
Repairs and maintenance		133 102	160 740
Resort administration fees		32 907	42 303
Salaries		283 695	196 162
Security		2 343	19 822
Signs		1 982	1 294
Staff welfare and protective clothing		6 866	9 639
Telephone and fax		9 767	7 629
Travel - local		688	1 587
Wages		127 634	145 721
Water		127 406	108 843
		<b>1 607 798</b>	<b>1 506 928</b>

# Gamtoos Mouth Homeowners Association NPC

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## STATEMENT OF CHANGES IN EQUITY

	Provision for future maintenance	Capital reserves	Development fund	Accumulated loss	Total equity
	R	R	R	R	R
<b>Balance at 1 July 2012</b>	<b>13 169</b>	<b>1 678 625</b>	<b>919 482</b>	<b>(278 445)</b>	<b>2 332 831</b>
<b>Profit for the year</b>	-	-	-	<b>283 545</b>	<b>283 545</b>
Electrical substation	-	75 278	-	-	75 278
Transfer of revaluation of listed investments	-	124 822	-	(124 822)	-
Deferred taxation on increase in revaluation of listed investments	-	(23 304)	-	23 304	-
Profit on sale of investments	-	104 547	-	(104 547)	-
Contribution from developer	-	-	5 164	-	5 164
<b>Balance at 1 July 2013</b>	<b>13 169</b>	<b>1 959 968</b>	<b>924 646</b>	<b>(200 965)</b>	<b>2 696 818</b>
<b>Profit for the year</b>	-	-	-	<b>479 081</b>	<b>479 081</b>
Transfer of revaluation of listed investments	-	483 530	-	(483 530)	-
Deferred taxation on increase in revaluation of listed investments	-	(90 275)	-	90 275	-
Profit on sale of shares	-	827	-	(827)	-
Contribution from developer	-	-	4 944	-	4 944
<b>Balance at 30 June 2014</b>	<b>13 169</b>	<b>2 354 050</b>	<b>929 590</b>	<b>(115 966)</b>	<b>3 180 843</b>

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## STATEMENT OF CASH FLOWS

	Notes	2014 R	2013 R
<b>Cash flows from operating activities</b>			
Cash generated from (used in) operations	17	412 601	(12 097)
Interest income		44 521	33 829
Dividends received		64 608	57 647
Finance costs		(10 164)	(13 365)
<b>Net cash from operating activities</b>		<b>511 566</b>	<b>66 014</b>
<b>Cash flows from investing activities</b>			
Purchase of buildings, vehicles and equipment	2	(76 143)	(104 856)
Purchase of investments		(148 405)	(190 332)
Proceeds from disposal of shares		137 411	227 793
<b>Net cash from investing activities</b>		<b>(87 137)</b>	<b>(67 395)</b>
<b>Cash flows from financing activities</b>			
Electrical substation donated		-	75 278
Instalment sale repaid		(46 190)	(42 926)
<b>Net cash from financing activities</b>		<b>(46 190)</b>	<b>32 352</b>
<b>Total cash movement for the year</b>		<b>378 239</b>	<b>30 971</b>
Cash and cash equivalents at the beginning of the year		162 449	131 478
<b>Total cash and cash equivalents at the end of the year</b>	7	<b>540 688</b>	<b>162 449</b>

# Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2014

## ACCOUNTING POLICIES

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### 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 below 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

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. This includes transaction costs, except for financial instruments which are measured at fair value through profit or loss.

##### Financial instruments at amortised cost

Debt instruments, as defined in 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. These include trade and other receivables, loans and trade and other payables.

At the end of 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 so, an impairment loss is recognised.

##### 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. This includes equity instruments held in unlisted investments.

All financial assets whose fair value cannot otherwise be measured reliably, and which do not meet the criteria to be designated as instruments measured at amortised cost, are measured at cost less impairment.

##### Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

# Gamtoos Mouth Homeowners Association NPC

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Annual Financial Statements for the year ended 30 June 2014

## ACCOUNTING POLICIES

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### 1.3 Tax

#### Current tax assets and liabilities

Income 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.

Income 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 affect 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.

A tax valuation allowance is recognised against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current and future taxable profit.

The deferred tax balance reflects the affect 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.

#### 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.

# **Gamtoos Mouth Homeowners Association NPC**

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2014

## **ACCOUNTING POLICIES**

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### **1.4 Leases (continued)**

#### **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.

### **1.7 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 2014

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R
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### 2. Buildings, vehicles and equipment

	2014			2013		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	587 813	-	587 813	586 013	-	586 013
Equipment	363 524	(286 219)	77 305	289 181	(247 392)	41 789
Motor vehicles	526 447	(405 408)	121 039	526 447	(308 169)	218 278
<b>Total</b>	<b>1 477 784</b>	<b>(691 627)</b>	<b>786 157</b>	<b>1 401 641</b>	<b>(555 561)</b>	<b>846 080</b>

#### Reconciliation of buildings, vehicles and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Buildings	586 013	1 800	-	587 813
Equipment	41 789	74 343	(38 827)	77 305
Motor vehicles	218 278	-	(97 239)	121 039
	<b>846 080</b>	<b>76 143</b>	<b>(136 066)</b>	<b>786 157</b>

#### Reconciliation of buildings, vehicles and equipment - 2013

	Opening balance	Additions	Depreciation	Total
Buildings	510 734	75 279	-	586 013
Equipment	36 652	29 577	(24 440)	41 789
Motor vehicles	315 517	-	(97 239)	218 278
	<b>862 903</b>	<b>104 856</b>	<b>(121 679)</b>	<b>846 080</b>

#### 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, substation and outbuildings are situated on portion 174 of the farm Mauritzkraal.

# Gamtoos Mouth Homeowners Association NPC

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Annual Financial Statements for the year ended 30 June 2014

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R
<b>3. Investments</b>		
Listed shares		
Cost	931 611	919 790
Market value	2 219 464	1 724 115
Details of listed shares		
1 104 African Bank Investments	13 606	61 811
850 Anglo American Plc	182 490	134 231
600 Aspen Pharmacare Hldgs Ltd	14 775	14 775
1 000 AVI Ltd	57 988	57 988
550 BPH Billiton Plc	65 553	65 553
300 British American Tobacco Ltd	57 520	57 520
- Cipla Medpro SA Ltd	-	18 584
1 500 First Rand Bank Ltd	20 129	20 129
1 722 Grindrod Ltd	48 751	-
500 Impala Platinum Hldgs Plc	72 629	34 842
600 MTN Group Ltd	56 047	56 047
670 Murray and Roberts Hldgs	22 653	22 653
- Naspers Ltd	-	56 189
600 Nedbank Group Ltd	45 413	45 413
3 400 Rand Merch Ins Hldgs Ltd	32 022	32 022
1 600 RMB Holdings Ltd	17 222	17 222
400 Remgro Ltd	15 629	15 629
300 SAB Miller Plc	20 401	20 401
600 Sasol Ltd	132 643	132 643
600 Standard Bank Group Ltd	56 138	56 138
Surplus on revaluation of shares	931 609	919 790
Listed shares at market value	1 287 855	804 325
	<b>2 219 464</b>	<b>1 724 115</b>

# Gamtoos Mouth Homeowners Association NPC

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R
<b>4. Deferred tax</b>		
<b>Deferred tax liability</b>		
Fair value adjustment on investments	(240 441)	(150 167)
<b>Reconciliation of deferred tax liability</b>		
At beginning of the year	(150 167)	(126 863)
Fair value adjustment on investments	(90 274)	(23 304)
	<b>(240 441)</b>	<b>(150 167)</b>
<b>5. Inventories</b>		
Fuel, remotes, water meters and EDU's	53 385	36 139
<b>6. Trade and other receivables</b>		
Trade receivables	41 490	356 280
<b>7. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	(354)	18 000
Bank balances	541 042	144 449
	<b>540 688</b>	<b>162 449</b>
<b>8. Instalment sale obligation</b>		
<b>Secured loan</b>		
Wesbank	75 806	121 996
Non-current liabilities	32 011	76 109
Current liabilities	43 795	45 887
	<b>75 806</b>	<b>121 996</b>

Instalment sale agreements repayable in monthly instalments over a period of four years at an interest rate of 8% (2013: 7.5%), secured over motor vehicles with a carrying value of R86 842 (2013: R171 298 ).

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R
<b>9. Financial Instruments</b>		
<b>Credit risk management</b>		
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.		
<b>Fair values</b>		
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.		
<b>10. Trade and other payables</b>		
Other payables	1 734	2 476
Accrued expenses	117 180	128 426
	<b>118 914</b>	<b>130 902</b>
<b>11. Revenue</b>		
Levies	1 389 353	1 334 260
Resale recovery	95 012	94 749
	<b>1 484 365</b>	<b>1 429 009</b>
<b>12. Operating profit</b>		
Operating profit for the year is stated after accounting for the following:		
<b>Income investment</b>		
Dividends	64 608	57 647
<b>Operating lease charges</b>		
Premises		
• Office and tipsite	38 817	40 282
Profit on sale of investments	(827)	(104 547)
Depreciation on property, plant and equipment	136 066	121 680
Employee costs	579 089	498 273
<b>13. Auditor's remuneration</b>		
Current year provision	12 640	11 500
Prior years' over provision	(100)	(112)
Tax and secretarial services	3 978	5 468
	<b>16 518</b>	<b>16 856</b>

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	2014 R	2013 R
<b>14. Fair value adjustments</b>		
Investments	483 530	124 822
<b>15. Finance costs</b>		
Instalment sale obligations	10 164	13 365
<b>16. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current</b>		
Local income tax - current period	-	13 180
<b>Deferred</b>		
Fair value of investments	90 275	23 304
	<b>90 275</b>	<b>36 484</b>
<p>The company is taxed in terms of Section 10(i)(e) of the Income Tax Act.</p>		
<b>17. Cash generated from (used in) operations</b>		
Profit before taxation	569 356	320 029
<b>Adjustments for:</b>		
Depreciation	136 066	121 679
Profit on sale of investments	(827)	(104 548)
Dividends received	(64 608)	(57 647)
Finance costs	10 164	13 365
Fair value adjustments	(483 530)	(124 822)
Interest received	(44 521)	(33 829)
Contribution from developer	4 944	5 164
<b>Changes in working capital:</b>		
Inventories	(17 246)	(25 510)
Trade and other receivables	314 790	(93 733)
Trade and other payables	(11 987)	(32 245)
	<b>412 601</b>	<b>(12 097)</b>
<b>18. Taxation refunded</b>		
Balance at beginning of the year	(13 180)	-
Current tax for the year recognised in profit or loss	-	(13 180)
Balance at end of the year	13 180	13 180
	-	-

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	2014	2013
	R	R
<b>19. Related parties</b>		
Relationships		
Developer		Gamtoos Mouth Investments (Pty) Ltd
<b>Related party transactions</b>		
<b>Managing agent fee paid to related parties</b>		
Gamtoos Mouth Investments (Pty) Ltd	102 165	168 397
<b>20. Directors emoluments</b>		
For management services	120 000	76 500