

**Gamtoos Mouth Homeowners Association NPC**

(Registration number 1999/001483/08)

Annual financial statements  
for the year ended 30 June 2016

# Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2016

## 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.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 Portion 3 Mauritzkraal No. 501 (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**

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2016

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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

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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 International Financial Reporting Standards for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

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

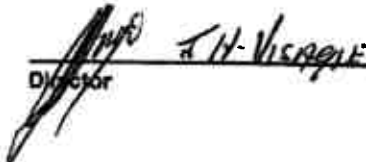
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for 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.

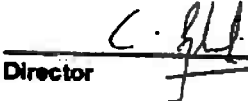
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial 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 2017 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 auditor 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 1 November 2016 and were signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

## **INDEPENDENT AUDITOR'S REPORT**

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### **To the members 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 2016, 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 2016, 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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PO Box 7606 • Newton Park • Port Elizabeth • 6055 • Docex 75  
B-BBEE Status Level 1 • IRBA Reg No 930709E

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  
Office Manager • T Botes

PKF (PE) Inc. is a member firm of the PKF International Limited family 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 legal entities in the Eastern Cape, Free State, Gauteng, KwaZulu-Natal and the Western Cape

**Other reports required by the Companies Act**

As part of our audit of the financial statements for the year ended 30 June 2016, 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.**  
Chartered Accountants (SA)  
Registered Auditors

**Per L. Battle CA (SA)**  
Registered Auditor

Port Elizabeth  
1 November 2016

# **Gamtoos Mouth Homeowners Association NPC**

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2016

## **DIRECTORS' REPORT**

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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 2016.

### **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  
C.G. Rushmere  
G.F. Rushmere  
J.H. Visagie  
T.H. Wooldridge  
C.E. Seton-Smith

Resigned 24 October 2016

### **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**

The 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

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Annual Financial Statements for the year ended 30 June 2016

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	2016 R	2015 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Buildings, vehicles and equipment	2	1 006 919	744 180
Investments	3	2 160 532	2 269 365
		<b>3 167 451</b>	<b>3 013 545</b>
<b>Current Assets</b>			
Inventories	5	37 078	32 711
Current tax receivable		-	1 283
Trade and other receivables	6	26 911	8 160
Cash and cash equivalents	7	633 730	609 626
		<b>697 719</b>	<b>651 780</b>
<b>Total Assets</b>		<b>3 865 170</b>	<b>3 665 325</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Capital reserves		2 096 510	2 305 409
Development fund		971 267	964 645
Accumulated funds		197 835	(7 529)
		<b>3 265 612</b>	<b>3 262 525</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Instalment sale obligation	8	151 375	4 813
Deferred tax	4	237 419	229 212
		<b>388 794</b>	<b>234 025</b>
<b>Current Liabilities</b>			
Current tax payable		1 862	-
Instalment sale obligation	8	38 876	27 491
Trade and other payables	10	158 026	129 284
Deposits for electrical upgrades		12 000	12 000
		<b>210 764</b>	<b>168 775</b>
<b>Total Liabilities</b>		<b>599 558</b>	<b>402 800</b>
<b>Total Equity and Liabilities</b>		<b>3 865 170</b>	<b>3 665 325</b>

# Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2016

## STATEMENT OF COMPREHENSIVE INCOME

	Notes	2016 R	2015 R
<b>Revenue</b>			
Levies		1 557 975	1 501 843
Resale recovery		157 300	133 600
	11	<b>1 715 275</b>	<b>1 635 443</b>
<b>Other income</b>			
Rental income			
- Boat houses		37 920	35 813
- MTN tower		40 482	37 483
Interest		57 456	44 667
Profit on sale of remotes		4 170	4 757
Sale of goods		2 350	1 650
Sundry income		52 902	35 239
Dividends received		83 177	75 750
		<b>278 457</b>	<b>235 359</b>
<b>Expenses (Refer to page 9)</b>		<b>(1 816 334)</b>	<b>(1 754 636)</b>
<b>Operating profit</b>	12	<b>177 398</b>	<b>116 166</b>
Finance costs	14	(14 608)	(6 394)
Fair value adjustment to listed investments		(168 142)	(59 805)
		<b>(182 750)</b>	<b>(66 199)</b>
<b>(Loss) profit before taxation</b>		<b>(5 352)</b>	<b>49 967</b>
Taxation	15	(11 352)	9 829
<b>(Loss) profit for the year</b>		<b>(16 704)</b>	<b>59 796</b>
<b>Total comprehensive (loss) income for the year</b>		<b>(16 704)</b>	<b>59 796</b>

# Gamtoos Mouth Homeowners Association NPC

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## STATEMENT OF COMPREHENSIVE INCOME

	Note	2016 R	2015 R
<b>Operating expenses</b>			
Administration and management fees (Investec)		27 831	28 388
Auditor's remuneration	13	18 403	14 610
Bank charges		29 561	26 716
Cleaning		7 590	6 923
Computer expenses		26 432	13 779
Consumables		6 739	6 915
Depreciation		106 613	121 735
Electricity		1 101 594	882 107
Entertainment		-	3 772
Icasa licence		353	338
Insurance		63 426	53 512
Lease rentals		49 000	45 447
Legal expenses		912	5 313
Loss on sale of investments		32 551	-
Management fees		346 396	324 110
Motor vehicle expenses		70 862	64 336
Printing, stationery and postage		24 241	20 298
Professional fees - Surveyor		5 512	-
Recoveries		(1 237 611)	(988 649)
Refuse removal		32 180	12 326
Repairs and maintenance		176 731	275 412
Resort administration fees		41 419	23 033
Salaries and wages		676 413	650 918
Security		53 159	2 138
Signs		-	8 188
Staff welfare and protective clothing		14 201	6 641
Telephone and fax		17 316	10 349
Travel - local		1 159	702
Water		123 351	135 279
		<b>1 816 334</b>	<b>1 754 636</b>

# Gamtoos Mouth Homeowners Association NPC

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## STATEMENT OF CHANGES IN EQUITY

	Provision for future maintenance R	Capital reserves R	Development fund R	Total reserves R	Accumulated loss R	Total equity R
<b>Balance at 1 July 2014</b>	<b>13 169</b>	<b>2 354 050</b>	<b>929 590</b>	<b>3 296 809</b>	<b>(115 966)</b>	<b>3 180 843</b>
Profit for the year	-	-	-	-	59 796	59 796
Transfer of revaluation of listed investments	-	(59 803)	-	(59 803)	59 803	-
Deferred taxation on decrease in valuation of listed investments	-	11 162	-	11 162	(11 162)	-
Contribution from developer	-	-	21 886	21 886	-	21 886
<b>Balance at 1 July 2015</b>	<b>13 169</b>	<b>2 305 409</b>	<b>951 476</b>	<b>3 270 054</b>	<b>(7 529)</b>	<b>3 262 525</b>
Loss for the year	-	-	-	-	(16 704)	(16 704)
Transfer of revaluation of listed investments	-	(168 140)	-	(168 140)	168 140	-
Deferred taxation on decrease in valuation of listed investments	-	37 663	-	37 663	(37 663)	-
Deferred taxation rate change	-	(45 871)	-	(45 871)	45 871	-
Transfer of loss on listed investments	-	(32 551)	-	(32 551)	32 551	-
Transfer of provision for future maintenance	(13 169)	-	-	(13 169)	13 169	-
Contribution from developer	-	-	19 791	19 791	-	19 791
<b>Balance at 30 June 2016</b>	<b>-</b>	<b>2 096 510</b>	<b>971 267</b>	<b>3 067 777</b>	<b>197 835</b>	<b>3 265 612</b>

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## STATEMENT OF CASH FLOWS

	Notes	2016 R	2015 R
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	201 343	203 744
Interest income		57 456	44 667
Dividends received		83 177	75 750
Finance costs		(14 608)	(6 394)
Tax paid	17	-	(15 863)
<b>Net cash from operating activities</b>		<b>327 368</b>	<b>301 904</b>
<b>Cash flows from investing activities</b>			
Purchase of buildings, vehicles and equipment	2	(369 352)	(79 758)
Purchase of investments		(248 595)	(109 706)
Proceeds from disposal of investments		156 736	-
<b>Net cash from investing activities</b>		<b>(461 211)</b>	<b>(189 464)</b>
<b>Cash flows from financing activities</b>			
Advance from (repayment of) instalment sale obligation		157 947	(43 502)
<b>Total cash movement for the year</b>		<b>24 104</b>	<b>68 938</b>
Cash and cash equivalents at the beginning of the year		609 626	540 688
<b>Total cash and cash equivalents at end of the year</b>	7	<b>633 730</b>	<b>609 626</b>

# Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2016

## ACCOUNTING POLICIES

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards 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

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**

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Annual Financial Statements for the year ended 30 June 2016

## **ACCOUNTING POLICIES**

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### **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.

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 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**

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Annual Financial Statements for the year ended 30 June 2016

## **ACCOUNTING POLICIES**

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### **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.

### **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

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Annual Financial Statements for the year ended 30 June 2016

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	587 813	-	587 813	587 813	-	587 813
Equipment	549 634	(362 841)	186 793	443 282	(317 887)	125 395
Motor vehicles	789 447	(557 134)	232 313	526 447	(495 475)	30 972
<b>Total</b>	<b>1 926 894</b>	<b>(919 975)</b>	<b>1 006 919</b>	<b>1 557 542</b>	<b>(813 362)</b>	<b>744 180</b>

### Reconciliation of buildings, vehicles and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Buildings	587 813	-	-	587 813
Equipment	125 395	106 352	(44 954)	186 793
Motor vehicles	30 972	263 000	(61 659)	232 313
	<b>744 180</b>	<b>369 352</b>	<b>(106 613)</b>	<b>1 006 919</b>

### Reconciliation of buildings, vehicles and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Buildings	587 813	-	-	587 813
Equipment	77 305	79 758	(31 668)	125 395
Motor vehicles	121 039	-	(90 067)	30 972
	<b>786 157</b>	<b>79 758</b>	<b>(121 735)</b>	<b>744 180</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 is situated on the remainder of Portion 174 of the farm Mauritzkraal No 501. The substation on the remainder of Portion 220 of the farm Mauritzkraal No 501.

# Gamtoos Mouth Homeowners Association NPC

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Annual Financial Statements for the year ended 30 June 2016

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R
<b>3. Investments</b>		
Listed shares		
Cost	1 100 626	1 041 317
Market value	2 160 532	2 269 365
Details of listed shares		
1 104 African Bank Investments	13 608	13 608
- Anglo American PLC	-	182 490
600 Aspen Pharmacare Hldgs Ltd	14 776	14 776
1 000 AVI Ltd	57 988	57 988
1 000 BHP Billiton PLC	146 142	65 553
300 British American Tobacco Ltd	57 520	57 520
700 Capital & Counties Prop S.C.A	66 045	-
1 700 First Rand Bank Ltd	29 646	20 129
400 Glencore PLC	21 006	21 006
1 722 Grindrod Ltd	48 751	48 751
700 Impala Platinum Hldgs PLC	82 020	72 629
3 500 Kap Industrial Hldgs Ltd	18 045	18 045
700 MTN Group Ltd	73 962	56 047
1 670 Murray and Roberts Hldgs	36 200	22 653
500 Nampack Limited	11 039	-
600 Nedbank Group Ltd	45 413	45 413
225 PSG Group Ltd	40 557	-
3 400 Rand Merch Ins Hldgs Ltd	32 022	32 022
1 300 Reinet Investments S.C.A.	33 984	33 984
400 Remgro Ltd	15 629	15 629
1 600 RMB Holdings Ltd	17 222	17 222
200 SAB Miller PLC	13 600	20 401
600 Sasol Ltd	132 642	132 642
100 Shoprite Hldgs Ltd	15 997	15 997
600 Standard Bank Group Ltd	56 138	56 138
300 Steinhoff Int Hldgs Ltd	20 674	20 674
	1 100 626	1 041 317
Surplus on revaluation of shares	1 059 906	1 228 048
Listed shares at market value	<b>2 160 532</b>	<b>2 269 365</b>

# Gamtoos Mouth Homeowners Association NPC

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Annual Financial Statements for the year ended 30 June 2016

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R
<b>4. Deferred tax</b>		
<b>Deferred tax liability</b>		
Fair value adjustment on investments	(237 419)	(229 212)
<b>Reconciliation of deferred tax liability</b>		
At beginning of year	(229 212)	(240 441)
Fair value adjustment on investments	37 664	11 229
Deferred tax on capital allowances - rate change	(45 871)	-
	<b>(237 419)</b>	<b>(229 212)</b>
<b>5. Inventories</b>		
Fuel, remotes, water meters and EDU's	37 078	32 711
<b>6. Trade and other receivables</b>		
Levies receivable	172 228	143 066
Levies in advance	(145 317)	(134 906)
	<b>26 911</b>	<b>8 160</b>
<b>7. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	3 662	(1 997)
Bank balances	630 068	611 623
	<b>633 730</b>	<b>609 626</b>
<b>8. Instalment sale obligation</b>		
<b>Secured loan</b>		
Wesbank	190 251	32 304
<b>Non-current liabilities</b>	151 375	4 813
<b>Current liabilities</b>	38 876	27 491
	<b>190 251</b>	<b>32 304</b>

Instalment sale agreements repayable in monthly instalments over a period of four years at an interest rate of 9.25% (2015: 8.5%), secured over motor vehicles with a carrying value of R224 105 (2015: R13 657).

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 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	2 485	2 550
Accrued expenses	155 541	126 734
	<b>158 026</b>	<b>129 284</b>
<b>11. Revenue</b>		
Levies	1 557 975	1 501 843
Resale recovery	157 300	133 600
	<b>1 715 275</b>	<b>1 635 443</b>
<b>12. Operating profit</b>		
Operating profit for the year is stated after accounting for the following:		
<b>Investment income</b>		
Dividends	83 177	75 750
<b>Operating lease charges</b>		
Premises		
• Office and tipsite	49 000	45 447
Loss on sale of investments	32 551	-
Depreciation on property, plant and equipment	106 613	121 735
Employee costs	676 413	650 918
<b>13. Auditor's remuneration</b>		
Current year provision	14 421	11 550
Prior years' under (over) provision	1 560	(2 140)
Tax and secretarial services	2 422	5 200
	<b>18 403</b>	<b>14 610</b>

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R
<b>14. Finance costs</b>		
Instalment sale obligations	14 608	6 394
<b>15. Taxation</b>		
<b>Major components of the tax expense (income)</b>		
<b>Current</b>		
Local income tax - current period	3 145	-
Local income tax - prior period	-	1 400
	<b>3 145</b>	<b>1 400</b>
<b>Deferred</b>		
Changes in capital gains tax inclusion rate	45 871	-
Fair value of investments	(37 664)	(11 229)
	<b>8 207</b>	<b>(11 229)</b>
	<b>11 352</b>	<b>(9 829)</b>
<p>The company is taxed in terms of Section 10(i)(e) of the Income Tax Act.</p>		
<b>16. Cash generated from operations</b>		
(Loss) profit before taxation	(5 352)	49 967
<b>Adjustments for:</b>		
Depreciation	106 613	121 735
Loss on sale of investments	32 551	-
Dividends received	(83 177)	(75 750)
Finance costs	14 608	6 394
Interest received	(57 456)	(44 667)
Contribution from developer	19 791	21 886
Fair value adjustment on listed investments	168 142	59 805
<b>Changes in working capital:</b>		
Inventories	(4 367)	20 674
Trade and other receivables	(18 752)	33 330
Trade and other payables	28 742	10 370
	<b>201 343</b>	<b>203 744</b>
<b>17. Tax paid</b>		
Balance at beginning of the year	1 283	(13 180)
Current tax for the year recognised in profit or loss	(3 145)	(1 400)
Balance at end of the year	1 862	(1 283)
	<b>-</b>	<b>(15 863)</b>

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## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2016 R	2015 R
<b>18. Related parties</b>		
Relationships Developer		Gamtoos Mouth Investments (Pty) Ltd
<b>Related party transactions</b>		
<b>Management fee paid to related parties</b>		
Gamtoos Mouth Investments (Pty) Ltd	51 420	47 604
<b>Lease rentals paid to related parties</b>		
Gamtoos Mouth Investments (Pty) Ltd	49 000	45 447
<b>19. Directors' emoluments</b>		
For services as director	Nil	Nil
<b>For other services</b>		
J.H. Visagie (general manager)	163 829	141 050
C. Egberink (architectural and other services)	66 045	63 440
C.E. Seton-Smith (editorial services)	6 240	4 500
	<b>236 114</b>	<b>208 990</b>

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