

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 2017

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2017

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 J.H. Visagie - ex officio T.H. Wooldridge
Business address	Gamtoos Mouth Portion 177 of Portion 3 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 independently compiled by: Accompt Financial Services (Pty) Ltd

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 the International Financial Reporting Standard 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 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 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.

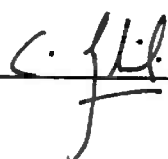
The directors have reviewed the company's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

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 to 6 .

The annual financial statements set out on pages 8 to 21, which have been prepared on the going concern basis, were approved by the board of directors on 31 October 2017 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 2017, 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 2017, 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.

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 company 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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 as required by the Companies Act of South Africa. 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 • DJ Robertson • L Battle • D Bodemer • MC Daverin • S Kerr • 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.

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 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.

In preparing the financial statements, the directors are responsible for assessing the company'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 company 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 company'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 company'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 company 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

Per L. Battle CA (SA)
Registered Auditor

Port Elizabeth
31 October 2017

Gamtoos Mouth Homeowners Association NPC

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Annual Financial Statements for the year ended 30 June 2017

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 2017.

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	Deceased 20 January 2017
G.F. Rushmere	
J.H. Visagie - ex officio	Resigned 9 March 2017
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.

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	2017 R	2016 R
Assets			
Non-Current Assets			
Buildings, vehicles and equipment	2	898 638	1 006 919
Investments	3	2 179 713	2 160 532
		3 078 351	3 167 451
Current Assets			
Inventories	5	33 605	37 078
Trade and other receivables	6	5 799	26 911
Cash and cash equivalents	7	800 914	633 730
		840 318	697 719
Total Assets		3 918 669	3 865 170
Equity and Liabilities			
Equity			
Capital reserves		2 016 099	2 096 510
Development fund		989 166	971 267
Accumulated surplus		266 098	197 835
		3 271 363	3 265 612
Liabilities			
Non-Current Liabilities			
Instalment sale obligation	8	114 024	151 375
Deferred tax	4	208 753	237 419
		322 777	388 794
Current Liabilities			
Current tax payable		3 073	1 862
Instalment sale obligation	8	37 350	38 876
Trade and other payables	10	272 106	158 026
Deposits for electrical upgrades		12 000	12 000
		324 529	210 764
Total Liabilities		647 306	599 558
Total Equity and Liabilities		3 918 669	3 865 170

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STATEMENT OF COMPREHENSIVE INCOME

	Notes	2017 R	2016 R
Revenue			
Levies		1 774 390	1 557 975
Resale recovery		132 638	157 300
	11	1 907 028	1 715 275
Other income			
Rental income			
- Boat houses		40 320	37 920
- MTN tower		43 721	40 482
Interest		63 882	57 456
Profit on sale of remotes		1 206	4 170
Sale of goods		5 200	2 350
Sundry income		29 036	52 902
Dividends received		73 137	83 177
Capital profit on sale of listed investments		18 898	-
		275 400	278 457
Expenses (Refer to page 10)		(2 073 149)	(1 816 334)
Operating profit	12	109 279	177 398
Finance costs	14	(17 489)	(14 608)
Fair value adjustment to listed investments		(127 976)	(168 142)
		(145 465)	(182 750)
Loss before taxation		(36 186)	(5 352)
Taxation	15	24 038	(11 352)
Loss for the year		(12 148)	(16 704)
Total comprehensive loss for the year		(12 148)	(16 704)

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STATEMENT OF COMPREHENSIVE INCOME

	Note	2017 R	2016 R
Operating expenses			
Administration and management fees (Investec)		28 036	27 831
Auditor's remuneration	13	21 489	18 403
Bank charges		31 023	29 561
Cleaning		1 750	7 590
Computer expenses		25 755	26 432
Consumables		7 684	6 739
Depreciation		122 047	106 613
Electricity		1 230 661	1 101 594
Icasa licence		376	353
Insurance		75 514	63 426
Lease rentals		48 632	49 000
Legal and engineering expenses		28 192	912
Loss on sale of investments		-	32 551
Management fees		543 418	346 396
Motor vehicle expenses		71 944	70 862
Printing, stationery and postage		15 953	24 241
Professional fees - surveyor		22 060	5 512
Recoveries		(1 371 884)	(1 237 611)
Refuse removal		14 746	32 180
Repairs and maintenance		315 786	176 731
Resort administration fees		31 085	41 419
Salaries and wages		615 133	676 413
Security		5 938	53 159
Staff welfare and protective clothing		12 441	14 201
Telephone and fax		17 304	17 316
Travel - local		1 399	1 159
Water		156 667	123 351
		2 073 149	1 816 334

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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) surplus R	Total equity R
Balance at 1 July 2015	13 169	2 305 409	951 476	3 270 054	(7 529)	3 262 525
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 tax rate change	-	(45 871)	-	(45 871)	45 871	-
Transfer of loss on listed investments	-	(32 551)	-	(32 551)	32 551	-
Contribution from developer	-	-	19 791	19 791	-	19 791
Transfer of provision for future maintenance	(13 169)	-	-	(13 169)	13 169	-
Balance at 1 July 2016	-	2 096 510	971 267	3 067 777	197 835	3 265 612
Loss for the year	-	-	-	-	(12 148)	(12 148)
Transfer of revaluation of listed investments	-	(127 976)	-	(127 976)	127 976	-
Deferred taxation on decrease in valuation of listed investments	-	28 667	-	28 667	(28 667)	-
Transfer of profit on listed investments	-	18 898	-	18 898	(18 898)	-
Contribution from developer	-	-	17 899	17 899	-	17 899
Balance at 30 June 2017	-	2 016 099	989 166	3 005 265	266 098	3 271 363

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STATEMENT OF CASH FLOWS

	Notes	2017 R	2016 R
Cash flows from operating activities			
Cash generated from operations	16	231 973	201 343
Interest income		63 882	57 456
Dividends received		73 137	83 177
Finance costs		(17 489)	(14 608)
Tax paid	17	(3 418)	-
Net cash from operating activities		348 085	327 368
Cash flows from investing activities			
Purchase of buildings, vehicles and equipment	2	(13 766)	(369 352)
Purchase of investments		(371 181)	(248 595)
Proceeds from disposal of investments		242 923	156 736
Net cash from investing activities		(142 024)	(461 211)
Cash flows from financing activities			
(Repayment of) advance from instalment sale obligation		(38 877)	157 947
Total cash movement for the year		167 184	24 104
Cash and cash equivalents at the beginning of the year		633 730	609 626
Total cash and cash equivalents at the end of the year	7	800 914	633 730

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Annual Financial Statements for the year ended 30 June 2017

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.

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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.

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.

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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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	587 813	-	587 813	587 813	-	587 813
Equipment	563 401	(415 039)	148 362	549 634	(362 841)	186 793
Motor vehicles	789 447	(626 984)	162 463	789 447	(557 134)	232 313
	1 940 661	(1 042 023)	898 638	1 926 894	(919 975)	1 006 919

Reconciliation of buildings, vehicles and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Buildings	587 813	-	-	587 813
Equipment	186 793	13 766	(52 197)	148 362
Motor vehicles	232 313	-	(69 850)	162 463
	1 006 919	13 766	(122 047)	898 638

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
	744 180	369 352	(106 613)	1 006 919

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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017 R	2016 R
3. Investments		
At fair value		
Listed shares	2 179 713	2 160 532
Non-current assets		
At market value	2 179 713	2 160 532
Details of listed shares		
Listed - at fair value		
- African Bank Investments	-	13 608
100 Anheuser-Busch Inbev SA	179 286	-
600 Aspen Pharmacare Hldgs Ltd	14 776	14 776
1 100 AVI Ltd	68 018	57 988
1 100 BHP Billiton PLC	165 676	146 142
300 British American Tobacco Ltd	57 520	57 520
- Capital & Counties Prop S.C.A.	-	66 045
1 900 First Rand Bank Ltd	39 515	29 646
400 Glencore PLC	21 006	21 006
- Grindrod Ltd	-	48 751
- Impala Platinum Hldgs PLC	-	82 020
100 Investec Ltd	9 863	-
200 Investec PLC	17 196	-
4 783 Kap Industrial Hldgs Ltd	29 187	18 045
700 MTN Group Ltd	73 962	73 962
1 670 Murray and Robert Hldgs	36 200	36 200
1 000 Nampak Limited	21 260	11 039
600 Nedbank Group Ltd	45 413	45 413
500 Netcare Limited	13 019	-
225 PSG Group Ltd	40 557	40 557
3 600 Rand Merch Ins Hldgs Ltd	39 976	32 022
1 500 Reinet Investments S.C.A.	39 807	33 984
440 Remgro Ltd	23 329	15 629
1 600 RMB Holdings Ltd	17 222	17 222
- SAB Miller PLC	-	13 600
700 Sasol Ltd	172 484	132 642
100 Shoprite Hldgs Ltd	15 997	15 997
600 Standard Bank Group Ltd	56 138	56 138
400 Steinhoff Int Hldgs Ltd	28 403	20 674
300 Woolworths Holdings Ltd	21 973	-
Surplus on revaluation of shares	931 930	1 059 906
	2 179 713	2 160 532

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017 R	2016 R
4. Deferred tax		
Deferred tax liability		
Fair value adjustment on investments	(208 753)	(237 419)
Reconciliation of deferred tax liability		
At beginning of year	(237 419)	(229 212)
Fair value adjustment on investments	28 666	37 664
Deferred tax on capital allowances - rate change	-	(45 871)
	(208 753)	(237 419)
5. Inventories		
Fuel, remotes, water meters and EDU's	33 605	37 078
6. Trade and other receivables		
Levies receivable	181 541	172 229
Levies in advance	(175 742)	(145 318)
	5 799	26 911
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	232	3 662
Bank balances	800 682	630 068
	800 914	633 730
8. Instalment sale obligation		
Non-current liabilities	114 024	151 375
Current liabilities	37 350	38 876
	151 374	190 251

Instalment sale agreements repayable in monthly instalments over a period of four years at an interest rate of prime less 1.25%, secured over motor vehicles with a carrying value of R154 969 (2016: R224 105).

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017 R	2016 R
9. 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.		
10. Trade and other payables		
Other payables	10 790	2 485
Accrued expenses	261 316	155 541
	272 106	158 026
11. Revenue		
Levies	1 774 390	1 557 975
Resale recovery	132 638	157 300
	1 907 028	1 715 275
12. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Income from investment		
Dividends	73 137	83 177
Operating lease charges		
Premises		
• Office and tipsite	48 632	49 000
Profit (loss) on sale of investments	(18 898)	32 551
Depreciation on property, plant and equipment	122 047	106 613
Employee costs	615 133	676 413
13. Auditor's remuneration		
Current year provision	18 810	14 421
Prior year's under provision	2 679	1 560
Tax and secretarial services	-	2 422
	21 489	18 403

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	2017 R	2016 R
14. Finance costs		
Instalment sale obligations	17 489	14 608
15. Taxation		
Major components of the tax (income) expense		
Current		
Local income tax - current period	3 073	3 145
Local income tax - recognised in current tax for prior periods	1 556	-
	4 629	3 145
Deferred		
Changes in capital gains tax inclusion rate	-	45 871
Fair value of investments	(28 667)	(37 664)
	(28 667)	8 207
	(24 038)	11 352
The company is taxed in terms of Section 10(i)(e) of the Income Tax Act.		
16. Cash generated from operations		
Loss before taxation	(36 186)	(5 352)
Adjustments for:		
Depreciation	122 047	106 613
(Profit) Loss on sale of investments	(18 898)	32 551
Dividends received	(73 137)	(83 177)
Finance costs	17 489	14 608
Interest received	(63 882)	(57 456)
Contribution from developer	17 899	19 791
Fair value adjustment on listed investments	127 976	168 142
Changes in working capital:		
Inventories	3 473	(4 367)
Trade and other receivables	21 112	(18 752)
Trade and other payables	114 080	28 742
	231 973	201 343
17. Tax paid		
Balance at beginning of the year	(1 862)	1 283
Current tax for the year recognised in profit or loss	(4 629)	(3 145)
Balance at end of the year	3 073	1 862
	(3 418)	-

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017 R	2016 R
18. Related parties		
Relationships Developer		Gamtoos Mouth Investments (Pty) Ltd
Related party transactions		
Management fee paid to related party		
Gamtoos Mouth Investments (Pty) Ltd	55 233	51 420
Lease rentals paid to related party		
Gamtoos Mouth Investments (Pty) Ltd	48 632	49 000
19. Directors' emoluments		
For services as director	Nil	Nil
For other services		
J.H. Visagie (general manager)	190 288	163 829
C. Egberink (architectural and other services)	67 252	66 045
C.E. Seton-Smith (editorial services)	4 147	6 240
	261 687	236 114

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