



Gamtoos Mouth Homeowners Association NPC
(Registration number 1999/001483/08)
Annual financial statements
for the year ended 30 June 2018

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2018

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Homeowners Association
Directors	A.J. Gouws C. Egberink L.J. Garner G.F. Rushmere T.H. Wooldridge
Business address	Gamtoos Mouth Portion 177 of 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: Bluekap Administration (Pty) Ltd

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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.

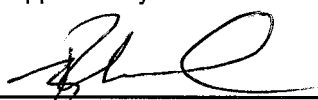
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for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

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

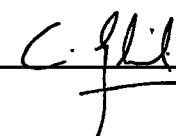
The directors have reviewed the company's cash flow forecast for the year to 30 June 2019 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

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

The annual financial statements set out on pages 8 to 21, which have been prepared on the going concern basis, were approved by the board of directors on 30 November 2018 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 2018, 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 2018, 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 4 • 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 South Africa Inc. and PKF International Limited family of legally independent firms. Neither PKF (PE) Inc. nor PKF South Africa Inc. accept any responsibility or liability for the actions or inactions on the part of any other individual member or correspondent firm or firms.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized 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

Director: S Kerr CA (SA)
Registered Auditor

Port Elizabeth
30 November 2018

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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 2018.

1. Nature of business

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

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

2. Directors

The directors in office during the year are as follows:

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

3. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report that would require adjustments to the annual financial statements.

4. Going concern

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 2018

	Notes	2018 R	2017 R
Assets			
Non-Current Assets			
Buildings, vehicles and equipment	2	822 659	898 638
Investments	3	2 500 587	2 179 713
		3 323 246	3 078 351
Current Assets			
Inventories	4	20 928	33 605
Trade and other receivables	5	(9 952)	5 799
Cash and cash equivalents	6	906 403	800 914
		917 379	840 318
Total Assets		4 240 625	3 918 669
Equity and Liabilities			
Equity			
Capital reserves		2 155 652	2 016 099
Development fund		999 478	989 166
Accumulated surplus		442 735	266 098
		3 597 865	3 271 363
Liabilities			
Non-Current Liabilities			
Instalment sale obligation	7	72 788	114 024
Deferred tax	8	259 465	208 753
		332 253	322 777
Current Liabilities			
Current tax payable		954	3 073
Instalment sale obligation	7	41 063	37 350
Trade and other payables	9	256 490	272 106
Deposits for electrical upgrades		12 000	12 000
		310 507	324 529
Total Liabilities		642 760	647 306
Total Equity and Liabilities		4 240 625	3 918 669

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STATEMENT OF COMPREHENSIVE INCOME

	Notes	2018 R	2017 R
Revenue			
Levies		1 891 010	1 774 390
Resale recovery		143 179	132 638
	10	2 034 189	1 907 028
Other income			
Rental income			
- Boat houses		42 300	40 320
- MTN tower		47 359	43 721
Interest		57 874	63 882
Profit on sale of remotes		902	1 206
Sale of goods		1 950	5 200
Sundry income		34 409	29 036
Dividends received		81 839	73 137
Capital profit on sale of listed investments		-	18 898
		266 633	275 400
Expenses (Refer to page 10)		(2 145 749)	(2 073 149)
Operating profit	11	155 073	109 279
Finance costs	13	(13 059)	(17 489)
Fair value adjustment to listed investments		226 395	(127 976)
		213 336	(145 465)
Profit (loss) before taxation		368 409	(36 186)
Taxation	14	(52 219)	24 038
Profit (loss) for the year		316 190	(12 148)
Total comprehensive income (loss) for the year		316 190	(12 148)

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STATEMENT OF COMPREHENSIVE INCOME

	Note	2018 R	2017 R
Operating expenses			
Administration and management fees (Investec)		30 555	28 036
Auditor's remuneration	12	22 328	21 489
Bank charges		32 368	31 023
Cleaning and casual labour		15 322	1 750
Computer expenses		16 330	25 755
Consumables		8 880	7 684
Depreciation		126 631	122 047
Electricity		1 115 996	1 230 661
Icasa licence		396	376
Insurance		83 049	75 514
Lease rentals		56 629	48 632
Legal and engineering expenses		6 834	28 192
Loss on sale of investments		36 130	-
Management and professional fees		641 116	543 418
Meeting expenses		3 243	1 399
Motor vehicle expenses		74 397	71 944
Printing, stationery and postage		18 440	15 953
Professional fees - surveyor		400	22 060
Recoveries		(1 403 886)	(1 371 884)
Refuse removal		12 053	14 746
Repairs and maintenance		254 294	315 786
Resort administration fees		30 309	31 085
Salaries and wages		643 611	615 133
Security		127 471	5 938
Signs		50	-
Staff welfare and protective clothing		8 156	12 441
Telephone and fax		18 387	17 304
Water		166 260	156 667
		2 145 749	2 073 149

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STATEMENT OF CHANGES IN EQUITY

	Capital reserves R	Development fund R	Total reserves R	Accumulated (loss) surplus R	Total equity R
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 1 July 2017	2 016 099	989 166	3 005 265	266 098	3 271 363
Profit for the year		-	-	316 190	316 190
Transfer of revaluation of listed investments	226 395	-	226 395	(226 395)	-
Deferred taxation on decrease in valuation of listed investments	(50 712)	-	(50 712)	50 712	-
Transfer of loss on listed investments	(36 130)	-	(36 130)	36 130	-
Contribution from developer		10 312	10 312	-	10 312
Balance at 30 June 2018	2 155 652	999 478	3 155 130	442 735	3 597 865

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STATEMENT OF CASH FLOWS

	Notes	2018 R	2017 R
Cash flows from operating activities			
Cash generated from operations	15	201 245	231 973
Interest income		57 874	63 882
Dividends received		81 839	73 137
Finance costs		(13 059)	(17 489)
Tax paid	16	(3 626)	(3 418)
Net cash from operating activities		324 273	348 085
Cash flows from investing activities			
Purchase of buildings, vehicles and equipment	2	(50 652)	(13 766)
Purchase of investments		(134 109)	(371 181)
Proceeds from disposal of investments		3 500	242 923
Net cash from investing activities		(181 261)	(142 024)
Cash flows from financing activities			
Repayment of instalment sale obligation		(37 523)	(38 877)
Net cash from financing activities		(37 523)	(38 877)
Total cash movement for the year		105 489	167 184
Cash and cash equivalents at the beginning of the year		800 914	633 730
Total cash and cash equivalents at the end of the year	6	906 403	800 914

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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.

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

	2018 R	2017 R
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2. Buildings, vehicles and equipment

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	594 448	-	594 448	587 813	-	587 813
Equipment	607 417	(471 819)	135 598	563 401	(415 039)	148 362
Motor vehicles	789 447	(696 834)	92 613	789 447	(626 984)	162 463
	1 991 312	(1 168 653)	822 659	1 940 661	(1 042 023)	898 638

Reconciliation of buildings, vehicles and equipment - 2018

	Opening balance	Additions	Depreciation	Total
Buildings	587 813	6 635	-	594 448
Equipment	148 362	44 017	(56 781)	135 598
Motor vehicles	162 463	-	(69 850)	92 613
	898 638	50 652	(126 631)	822 659

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

Details of properties

Buildings

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
3. Investments		
At fair value		
Listed shares	2 500 587	2 179 713
Non-current assets		
At market value	2 500 587	2 179 713
Details of listed shares		
Listed - at fair value		
100 Anheuser-Busch Inbev SA	179 286	179 286
600 Aspen Pharmacare Hldgs Ltd	14 775	14 776
1100 AVI Ltd	68 018	68 018
1100 BHP Billiton PLC	165 675	165 676
300 British American Tobacco Ltd	57 520	57 520
1900 First Rand Bank	39 515	39 515
400 Glencore PLC	21 006	21 006
100 Investec Ltd	9 863	9 863
200 Investec PLC	17 196	17 196
4783 Kap Industrial Hldgs Ltd	29 187	29 187
700 MTN Group Ltd	73 962	73 962
1670 Murray and Robert Hldgs	36 200	36 200
1000 Nampak Limited	21 260	21 260
600 Nedbank Group Ltd	45 413	45 413
500 Netcare Limited	13 019	13 019
325 PSG Group Ltd	68 090	40 557
3600 Rand Merch Ins Hldgs Ltd	39 976	39 976
150 Reinet Investments S.C.A.	39 807	39 807
540 Remgro Ltd	43 992	23 329
1800 RMB Holdings Ltd	30 700	17 222
700 Sasol Ltd	172 484	172 484
100 Shoprite Hldgs Ltd	15 997	15 997
600 Standard Bank Group Ltd	56 138	56 138
- Steinhoff Int Hldgs Ltd	-	28 403
275 The Foschini Group Limited	61 208	-
300 Woolworths Holdings Ltd	21 973	21 973
Surplus on revaluation of shares	1 158 327	931 930
	2 500 587	2 179 713
4. Inventories		
Fuel, remotes, water meters and EDU's	20 928	33 605
5. Trade and other receivables		
Levies receivable	179 944	181 541
Levies in advance	(189 896)	(175 742)
	(9 952)	5 799

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2018 R	2017 R
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	617	232
Bank balances	905 786	800 682
	906 403	800 914
7. Instalment sale obligation		
Non-current liabilities	72 788	114 024
Current liabilities	41 063	37 350
	113 851	151 374
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 R90 844 (2017: R154 969).		
8. Deferred tax		
Deferred tax liability		
Fair value adjustment on investments	(259 465)	(208 753)
Reconciliation of deferred tax liability		
At beginning of year	(208 753)	(237 419)
Fair value adjustment on investments	(50 712)	28 666
	(259 465)	(208 753)
9. Trade and other payables		
Other payables	8 421	10 790
Accrued expenses	248 069	261 316
	256 490	272 106
10. Revenue		
Levies	1 891 010	1 774 390
Resale recovery	143 179	132 638
	2 034 189	1 907 028

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	2018 R	2017 R
11. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Income from investments		
Dividends	81 839	73 137
Operating lease charges		
Premises		
• Office and tipsite	56 629	48 632
Loss (profit) on sale of investments	36 130	(18 898)
Depreciation on property, plant and equipment	126 631	122 047
Employee costs	643 611	615 133
12. Auditor's remuneration		
Current year provision	21 278	18 810
Prior year's under provision	-	2 679
Tax and secretarial services	1 050	-
	22 328	21 489
13. Finance costs		
Instalment sale obligations	13 059	17 489
14. Taxation		
Major components of the tax expense (income)		
Current		
Local income tax - current period	954	3 073
Local income tax - recognised in current tax for prior periods	553	1 556
	1 507	4 629
Deferred		
Fair value of investments	50 712	(28 667)
	52 219	(24 038)

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

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	2018 R	2017 R
15. Cash generated from operations		
Profit (loss) before taxation	368 409	(36 186)
Adjustments for:		
Depreciation	126 631	122 047
Loss (profit) on sale of investments	36 130	(18 898)
Dividends received	(81 839)	(73 137)
Finance costs	13 059	17 489
Interest received	(57 874)	(63 882)
Contribution from developer	10 312	17 899
Fair value adjustment on listed investments	(226 395)	127 976
Changes in working capital:		
Inventories	12 677	3 473
Trade and other receivables	15 751	21 112
Trade and other payables	(15 616)	114 080
	201 245	231 973
16. Tax paid		
Balance at beginning of the year	(3 073)	(1 862)
Current tax for the year recognised in profit or loss	(1 507)	(4 629)
Balance at end of the year	954	3 073
	(3 626)	(3 418)
17. Related parties		
Relationships		
Developer	Gamtoos Mouth Investments (Pty) Ltd	
Related party transactions		
Management fee paid to related party		
Gamtoos Mouth Investments (Pty) Ltd	59 400	55 233
Lease rentals paid to related party		
Gamtoos Mouth Investments (Pty) Ltd	56 629	48 632
18. Directors' emoluments		
For services as director	Nil	Nil
For other services		
C. Egberink (architectural and other services)	73 823	67 252

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

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2018	2017
R	R

19. Financial instruments

Credit risk management

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

Fair values

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