



Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual financial statements
for the year ended 30 June 2019

Gamtoos Mouth Homeowners Association NPC

(Registration number 1999/001483/08)

Annual Financial Statements for the year ended 30 June 2019

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 the Farm 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 internally compiled by: C. Egberink

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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 2020 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 page 7 to 21, which have been prepared on the going concern basis, were approved by the board of directors on 15 October 2019 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 2019, 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 2019, 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. 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 • MC Daverin • J du Preez • S Kerr • M Mohamed • 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

15 October 2019

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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 2019.

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 2019

	Notes	2019 R	2018 R
Assets			
Non-Current Assets			
Buildings, vehicles and equipment	2	1 101 074	822 659
Investments	3	2 214 475	2 500 587
		<u>3 315 549</u>	<u>3 323 246</u>
Current Assets			
Inventories	4	44 956	20 928
Trade and other receivables	5	61 400	(9 952)
Cash and cash equivalents	6	869 514	906 403
		<u>975 870</u>	<u>917 379</u>
Total Assets		<u>4 291 419</u>	<u>4 240 625</u>
Equity and Liabilities			
Equity			
Capital reserves		1 943 430	2 155 652
Development fund		1 015 255	999 478
Accumulated surplus		679 341	442 735
		<u>3 638 026</u>	<u>3 597 865</u>
Liabilities			
Non-Current Liabilities			
Instalment sale obligation	7	172 597	72 788
Deferred tax	8	201 204	259 465
		<u>373 801</u>	<u>332 253</u>
Current Liabilities			
Current tax payable		5 985	954
Instalment sale obligation	7	68 422	41 063
Trade and other payables	9	193 185	256 490
Deposits for electrical upgrades		12 000	12 000
		<u>279 592</u>	<u>310 507</u>
Total Liabilities		<u>653 393</u>	<u>642 760</u>
Total Equity and Liabilities		<u>4 291 419</u>	<u>4 240 625</u>

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STATEMENT OF COMPREHENSIVE INCOME

	Notes	2019 R	2018 R
Revenue			
Levies		2 136 420	1 891 010
Resale recovery		145 760	143 179
	10	<u>2 282 180</u>	<u>2 034 189</u>
Other income			
Rental income			
- Boat houses		45 600	42 300
- MTN tower		51 443	47 359
Interest		64 605	57 874
(Loss) Profit on sale of remotes		(363)	902
Sale of goods		4 550	1 950
Sundry income		34 555	34 409
Dividends received		110 844	81 839
Gains on disposal of assets		86 750	-
		<u>397 984</u>	<u>266 633</u>
Expenses (Refer to page 10)			
		<u>(2 348 004)</u>	<u>(2 145 749)</u>
Operating profit	11	332 160	155 073
Finance costs	13	(14 392)	(13 059)
Fair value adjustment to listed investments		(346 615)	226 395
		<u>(361 007)</u>	<u>213 336</u>
(Loss) profit before taxation		(28 847)	368 409
Taxation	14	53 231	(52 219)
Profit for the year		24 384	316 190
Total comprehensive income for the year		24 384	316 190

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STATEMENT OF COMPREHENSIVE INCOME

	Note	2019 R	2018 R
Operating expenses			
Administration and management fees (Investec)		29 579	30 555
Auditor's remuneration	12	31 115	22 328
Bank charges		32 899	32 368
Cleaning and casual labour		3 400	15 322
Computer expenses		9 577	16 330
Consumables		6 831	8 880
Depreciation		111 713	126 631
Electricity		1 209 843	1 115 996
Icasa licence		414	396
Insurance		87 298	83 049
Lease rentals		57 142	56 629
Legal and engineering expenses		1 955	6 834
Loss on sale of investments		-	36 130
Management and professional fees		687 555	641 116
Meeting expenses		1 183	3 243
Motor vehicle expenses		98 932	74 397
Printing, stationery and postage		8 504	18 440
Professional fees - surveyor		-	400
Recoveries		(1 521 966)	(1 403 886)
Refuse removal		15 850	12 053
Repairs and maintenance		263 510	254 294
Resort administration fees		16 627	30 309
Salaries and wages		756 465	643 611
Security		221 436	127 471
Signs		1 733	50
Staff welfare and protective clothing		15 988	8 156
Telephone and fax		10 819	18 387
Water		189 602	166 260
		2 348 004	2 145 749

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STATEMENT OF CHANGES IN EQUITY

	Capital reserves R	Development fund R	Total reserves R	Accumulated surplus R	Total equity R
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 1 July 2018	2 155 652	999 478	3 155 130	442 735	3 597 865
Profit for the year		-	-	24 384	24 384
Transfer of revaluation of listed investments	(346 615)	-	(346 615)	346 615	-
Deferred taxation on decrease in valuation of listed investments	77 642	-	77 642	(77 642)	-
Transfer of profit on listed investments	56 751	-	56 751	(56 751)	-
Contribution from developer		15 777	15 777	-	15 777
Balance at 30 June 2019	1 943 430	1 015 255	2 958 685	679 341	3 638 026

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STATEMENT OF CASH FLOWS

	Notes	2019 R	2018 R
Cash flows from operating activities			
Cash generated from operations	15	68 767	201 245
Interest income		64 605	57 874
Dividends received		110 844	81 839
Finance costs		(14 392)	(13 059)
Tax paid	16	-	(3 626)
Net cash from operating activities		229 824	324 273
Cash flows from investing activities			
Purchase of buildings, vehicles and equipment	2	(390 129)	(50 652)
Purchase of investments		(215 717)	(134 109)
Proceeds from disposal of investments		211 965	3 500
Net cash from investing activities		(393 881)	(181 261)
Cash flows from financing activities			
Movement in instalment sale obligation		127 168	(37 523)
Net cash from financing activities		127 168	(37 523)
Total cash movement for the year		(36 889)	105 489
Cash and cash equivalents at the beginning of the year		906 403	800 914
Total cash and cash equivalents at the end of the year	6	869 514	906 403

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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

	2019 R	2018 R
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2. Buildings, vehicles and equipment

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	594 448	-	594 448	594 448	-	594 448
Equipment	737 139	(559 735)	177 404	607 417	(471 819)	135 598
Motor vehicles	956 354	(627 132)	329 222	789 447	(696 834)	92 613
	2 287 941	(1 186 867)	1 101 074	1 991 312	(1 168 653)	822 659

Reconciliation of buildings, vehicles and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	594 448	-	-	-	594 448
Equipment	135 598	129 722	-	(87 916)	177 404
Motor vehicles	92 613	260 407	(1)	(23 797)	329 222
	822 659	390 129	(1)	(111 713)	1 101 074

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

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

	2019 R	2018 R
3. Investments		
At fair value		
Listed shares	2 214 475	2 500 587
Non-current assets		
At market value	2 214 475	2 500 587
Cost of shares	1 402 763	1 342 260
Surplus on revaluation of shares	811 712	1 158 327
	2 214 475	2 500 587
Details of listed shares		
Listed - at fair value		
400 Anglo American PLC	161 040	-
100 Anheuser-Busch Inbev SA	124 578	138 750
600 Aspen Pharmacare Holdings Ltd	60 270	154 932
1100 AVI Ltd	100 496	119 020
700 BHP Billiton PLC	252 532	341 836
300 Bidvest Ltd	56 805	-
300 British American Tobacco Ltd	148 350	207 572
1900 First Rand Bank Ltd	130 245	121 391
400 Glencore PLC	-	26 380
100 Investec Ltd	9 185	9 605
200 Investec PLC	18 268	19 524
4783 Kap Industrial Holdings Ltd	26 736	35 825
700 MTN Group Ltd	-	75 530
1670 Murray and Roberts Holdings Ltd	24 215	29 242
1000 Nampak Ltd	10 250	15 680
600 Nedbank Group Ltd	151 920	149 748
500 Netcare Ltd	8 990	13 810
325 PSG Group Ltd	77 678	70 265
3600 Rand Merch Ins Holdings Ltd	122 292	134 820
150 Reinet Investments S.C.A.	34 077	36 248
540 Remgro Ltd	101 466	110 317
1800 RMB Holdings Ltd	151 920	136 422
700 Sasol Ltd	245 147	352 002
100 Shoprite Holdings Ltd	15 766	22 061
600 Standard Bank Group Ltd	118 002	115 122
275 The Foschini Group Ltd	49 583	47 850
300 Woolworths Holdings Ltd	14 664	16 635
	2 214 475	2 500 587
4. Inventories		
Fuel, remotes, water meters and EDU's	44 956	20 928

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
5. Trade and other receivables		
Levies receivable	227 108	179 944
Levies in advance	(165 708)	(189 896)
	<u>61 400</u>	<u>(9 952)</u>
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	997	617
Bank balances	868 517	905 786
	<u>869 514</u>	<u>906 403</u>
7. Instalment sale obligation		
Non-current liabilities	172 597	72 788
Current liabilities	68 422	41 063
	<u>241 019</u>	<u>113 851</u>
Instalment sale agreements repayable in monthly instalments over a period of five years at an interest rate of prime less 1.25%, secured over motor vehicles with a carrying value of R329 214 (2018: R90 844).		
8. Deferred tax		
Deferred tax liability		
Fair value adjustment on investments	(181 824)	(259 465)
Property, plant and equipment	(19 380)	-
Total deferred tax liability	<u>(201 204)</u>	<u>(259 465)</u>
Reconciliation of deferred tax liability		
At beginning of year	(259 465)	(208 753)
Fair value adjustment on investments	77 641	(50 712)
Property, plant and equipment	(19 380)	-
	<u>(201 204)</u>	<u>(259 465)</u>
9. Trade and other payables		
Other payables	7 639	8 421
Accrued expenses	185 546	248 069
	<u>193 185</u>	<u>256 490</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
10. Revenue		
Levies	2 136 420	1 891 010
Resale recovery	145 760	143 179
	<u>2 282 180</u>	<u>2 034 189</u>
11. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Income from investments		
Dividends	<u>110 844</u>	<u>81 839</u>
Operating lease charges		
Premises		
• Office and tipsite	<u>57 142</u>	<u>56 629</u>
Profit on sale of buildings, vehicles and equipment	(29 999)	-
(Profit) Loss on sale of investments	(56 751)	36 130
Depreciation on property, plant and equipment	111 713	126 631
Employee costs	<u>756 465</u>	<u>643 611</u>
12. Auditor's remuneration		
Current year provision	27 034	21 278
Tax and secretarial services	4 081	1 050
	<u>31 115</u>	<u>22 328</u>
13. Finance costs		
Instalment sale obligations	<u>14 392</u>	<u>13 059</u>
14. Taxation		
Major components of the tax income		
Current		
Local income tax - current period	5 031	954
Local income tax - recognised in current tax for prior periods	-	553
	<u>5 031</u>	<u>1 507</u>
Deferred		
Originating and reversing temporary differences	<u>(58 262)</u>	<u>(50 712)</u>
	<u>(53 231)</u>	<u>(49 205)</u>

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

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	2019 R	2018 R
15. Cash generated from operations		
(Loss) profit before taxation	(28 847)	368 409
Adjustments for:		
Depreciation	111 713	126 631
(Profit) Loss on sale of investments	(56 751)	36 130
Dividends received	(110 844)	(81 839)
Finance costs	14 392	13 059
Interest received	(64 605)	(57 874)
Contribution from developer	15 777	10 312
Fair value adjustment on listed investments	346 615	(226 395)
Changes in working capital:		
Inventories	(24 028)	12 677
Trade and other receivables	(71 352)	15 751
Trade and other payables	(63 303)	(15 616)
	68 767	201 245
16. Tax paid		
Balance at beginning of the year	(954)	(3 073)
Current tax for the year recognised in profit or loss	(5 031)	(1 507)
Balance at end of the year	5 985	954
	-	(3 626)
17. Related parties		
Relationships		
Developer	Gamtoos Mouth Investments (Pty) Ltd	
Related party transactions		
Management fee paid to related party		
Gamtoos Mouth Investments (Pty) Ltd	63 749	59 400
Lease rentals paid to related party		
Gamtoos Mouth Investments (Pty) Ltd	57 142	56 629
18. Directors' emoluments		
For other services		
C. Egberink (architectural and other services)	75 584	73 823

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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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2019	2018
	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.