Silver Lakes Homeowners Association NPC
Annual Financial Statements
for the year ended 31 March 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Homeowners Association
Directors	JF Botha JA Roets VC du Plessis J Coetzee JH de Wet C Mathews
Registered office	27 Muirfield Boulevard Silver Lakes 0081
Business address	27 Muirfield Boulevard Silver Lakes 0081
Postal address	P O Box 11106 Silver Lakes 0081
Bankers	Nedbank Limited ABSA Bank Limited The South African Bank of Athens Limited
Auditors	Grant Thornton Chartered Accountants (SA) Registered Auditors Member of Grant Thornton International
Company registration number	1992/004661/08
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: B Steyn Summit Drafting Services
Issued	30 June 2017

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

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 the Companies Act of South Africa, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 31 March 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 auditors are 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 their report is presented on pages 4 to 5.

The annual financial statements set out on pages 8 to 22, which have been prepared on the going concern basis, were approved by the board on 30 June 2017 and were signed on its behalf by:

J Coetzee	**JA Roets**

To the members of Silver Lakes Homeowners Association NPC

Opinion

We have audited the annual financial statements of Silver Lakes Homeowners Association NPC set out on pages 8 to 22, which comprise the statement of financial position as at 31 March 2017, and the statement of profit and loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Silver Lakes Homeowners Association NPC as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with 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 annual 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 annual 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, and supplementary information. The other information does not include the annual financial statements and our auditors' report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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.

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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.

Auditors' responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Grant Thornton
Chartered Accountants (SA)
Registered Auditors

NC Kyriacou
Partner
Chartered Accountant (SA)
Registered Auditor

30 June 2017

Building 2, Summit Place
221 Garstfontein Road
Menlyn
0181

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Silver Lakes Homeowners Association NPC for the year ended 31 March 2017.

1. Incorporation

The company was incorporated on 14 August 1992 and obtained its certificate to commence business on the same day. The charging of a homeowner's levy was implemented on 1 April 1994.

2. Nature of business

Silver Lakes Homeowners Association NPC is engaged in the business of a homeowners association and a golf course and clubhouse operation.

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

Net surplus of the company was R10 093 367 (2016: surplus R11 557 889), after taxation of R- (2016: R-).

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

The company recorded a surplus for the year ended 31 March 2017 of R10 093 367. This represented a decrease of 13% from the surplus of the prior year of R11 557 889.

Company revenue decreased by 9% from R61 338 074 in the prior year to R56 405 197 for the year ended 31 March 2017.

Company cash flows from operating activities decreased by 28% from R10 101 621 in the prior year to R12 930 624 for the year ended 31 March 2017.

4. Directors

The directors in office at the date of this report are as follows:

Directors	Date
JF Botha	Appointed 27 February 2017
J Coetzee	Appointed 20 February 2017
JH de Wet	
VC du Plessis	Appointed 20 February 2017
MF Geyser	Resigned 20 February 2017
E Kruger	Resigned 20 February 2017
C Mathews	
JT O'Neil	Resigned 20 February 2017
S Pretorius	Resigned 01 April 2017
JA Roets	Appointed 20 February 2017

5. 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.

6. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

7. Auditors

Grant Thornton will continue in office as auditors in accordance with section 90 of the Companies Act of South Africa.

8. Secretary

The company had no secretary during the year.

9. Burnt Greens

At the end of January 2017 the greens were severely damaged due to application of a fertilizer treatment by the outside contractor. Financial re-imbursement is subject to a claim submitted to the contractor which at the reporting date, remained uncertain.

10. Disputes

A number of legal actions have not been settled/finalised during the year under review. The Board will have to incur further costs in the new year to defend the estate's tranquil lifestyle and homeowners' property values.

Statement of Financial Position as at 31 March 2017

(8)

	Note(s)	2017 R	2016 R
Assets			
Non-Current Assets			
Biological assets	2	552 300	540 600
Property, plant and equipment	3	49 128 934	42 792 598
		49 681 234	**43 333 198**
Current Assets			
Inventories	4	1 070 422	891 027
Trade and other receivables	5	4 155 697	3 892 625
Cash and cash equivalents	6	6 240 107	4 980 880
		11 466 226	**9 764 532**
Total Assets		**61 147 460**	**53 097 730**
Equity and Liabilities			
Equity			
Clubhouse and golf course reserve	7	20 706 563	17 433 007
Capital reserve	8	24 296 884	16 843 635
Accumulated loss		(6 601 806)	(5 968 368)
		38 401 641	**28 308 274**
Liabilities			
Non-Current Liabilities			
Other financial liabilities	9	10 497 856	14 279 956
Instalment sale liabilities	10	-	79 643
		10 497 856	**14 359 599**
Current Liabilities			
Other financial liabilities	9	2 847 402	2 463 397
Instalment sale liabilities	10	79 569	124 646
Trade and other payables	11	9 320 992	7 841 814
		12 247 963	**10 429 857**
Total Liabilities		**22 745 819**	**24 789 456**
Total Equity and Liabilities		**61 147 460**	**53 097 730**

Statement of Profit and Loss and Comprehensive Income

	Note(s)	2017 R	2016 R
Revenue	12	56 405 197	61 338 074
Cost of sales		(2 062 538)	(5 024 614)
Gross profit		**54 342 659**	**56 313 460**
Other income		4 477 934	4 146 541
Operating expenses		(47 693 520)	(47 649 091)
Operating surplus	13	**11 127 073**	**12 810 910**
Investment revenue	14	361 041	239 011
Fair value adjustments	15	(47 262)	(29 320)
Finance costs	16	(1 347 485)	(1 462 712)
Surplus for the year		**10 093 367**	**11 557 889**

Statement of Changes in Equity

	Clubhouse and golf course reserve	Capital reserve	Accumulated surplus (loss)	Total equity
	R	R	R	R
Balance at 01 April 2015	**14 522 006**	**9 902 098**	**(7 673 719)**	**16 750 385**
Surplus for the year	-	-	11 557 889	11 557 889
Transfer to clubhouse and golf course reserve	2 911 001	-	(2 911 001)	-
Transfer to capital reserve	-	6 941 537	(6 941 537)	-
Total changes	**2 911 001**	**6 941 537**	**(9 852 538)**	**-**
Balance at 01 April 2016	**17 433 007**	**16 843 635**	**(5 968 368)**	**28 308 274**
Surplus for the year	-	-	10 093 367	10 093 367
Transfer to clubhouse and golf course reserve	3 273 556	-	(3 273 556)	-
Transfer to capital reserve	-	7 453 249	(7 453 249)	-
Total changes	**3 273 556**	**7 453 249**	**(10 726 805)**	**-**
Balance at 31 March 2017	**20 706 563**	**24 296 884**	**(6 601 806)**	**38 401 641**
Note(s)	7	8		

Statement of Cash Flows

(11)

	Note(s)	2017 R	2016 R
Cash flows from operating activities			
Cash generated from operations	19	13 917 068	11 325 322
Interest income		361 041	239 011
Finance costs		(1 347 485)	(1 462 712)
Net cash from operating activities		**12 930 624**	**10 101 621**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(8 128 119)	(10 913 195)
Sale of property, plant and equipment		38 499	379 634
Purchase of biological assets	2	(58 962)	-
Net cash from investing activities		**(8 148 582)**	**(10 533 561)**
Cash flows from financing activities			
Repayment of other financial liabilities		(3 398 095)	(2 987 695)
Instalment sale agreement repayments		(124 720)	(379 399)
Net cash from financing activities		**(3 522 815)**	**(3 367 094)**
Total cash movement for the year		**1 259 227**	**(3 799 034)**
Cash at the beginning of the year		4 980 880	8 779 914
Total cash at end of the year	6	**6 240 107**	**4 980 880**

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 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 Biological assets

Biological assets for which fair value is determinable without undue cost or effort are measured at fair value less costs to sell, with changes in fair value recognised in profit or loss.

1.2 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

Item	Depreciation method	Average useful life
Air-conditioners	Straight line	6 years
Bio-metric access system	Straight line	6 years
Buildings	Straight line	40 years
Catering equipment	Straight line	5 years
Computer equipment	Straight line	3 years
Computer software	Straight line	2 years
Furniture and fittings	Straight line	6 years
Golf course equipment	Straight line	5 years
Golf course irrigation system	Straight line	15 years
Motor vehicles	Straight line	5 years

Land is not depreciated

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are recognised in profit or loss.

Capital expenditure incurred

Expenses incurred to upgrade, improve and refurbish property, plant and equipment are written off during the year incurred as it is unlikely that such expenditure has any realisable value. The expense forms part of the Capital Reserve note 8.

1.3 Financial instruments

Financial instruments at amortised cost

These include loans, trade receivables and trade 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 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.

Accounting Policies

1.4 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 an amount that includes the effect of the possible outcomes of a review by the tax authorities using tax rates that, on the basis of enacted or substantively enacted tax law at the end of the reporting period, are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax asset balances are reviewed at every reporting date. When necessary, a valuation allowance is recognised against the deferred tax assets so that the net amount equals the highest amount that is more likely than not to be realised on the basis of current or future taxable profit.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Instalment sale – lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor’s expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.6 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis.

1.7 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its 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.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.9 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

A contingent liability is either a possible but uncertain obligation or a present obligation that is not recognised because it is not probable that the company will be required to transfer economic benefits in settlement and the amount of the obligation cannot be estimated reliably.

1.10 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding value added tax.

Revenue from levies is measured at the amount to be contributed by owners as agreed and approved at the AGM.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.11 Cost of sales

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.12 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Annual Financial Statements

	2017 R	2016 R

2. Biological assets

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Game	552 300	-	552 300	540 600	-	540 600

Reconciliation of biological assets - 2017

	Opening balance	Additions	Gains or losses arising from changes in fair value	Total
Game	540 600	58 962	(47 262)	552 300

Reconciliation of biological assets - 2016

	Opening balance	Gains or losses arising from changes in fair value	Total
Game	569 920	(29 320)	540 600

The biological assets consist of the game in the wildlife section of phase 3.

The fair value of biological assets was determined by using veld prices less 20% for estimated selling costs.

3. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Air-conditioning	380 237	(261 320)	118 917	311 397	(224 881)	86 516
Biometric access system	1 242 816	(1 068 121)	174 695	1 219 749	(996 569)	223 180
Buildings and improvements	40 218 229	(7 990 588)	32 227 641	37 936 382	(6 995 127)	30 941 255
Catering equipment	-	-	-	3 811	(2 104)	1 707
Computer equipment	810 519	(675 143)	135 376	773 584	(539 098)	234 486
Computer software	133 055	(123 199)	9 856	128 707	(93 909)	34 798
Furniture and fixtures	3 782 607	(2 112 367)	1 670 240	2 915 743	(1 775 547)	1 140 196
Golf course equipment	1 030 365	(885 096)	145 269	958 090	(701 347)	256 743
Golf course irrigation system	4 766 020	(334 022)	4 431 998	-	-	-
Land and infrastructure	9 530 405	-	9 530 405	9 530 405	-	9 530 405
Motor vehicles	1 532 538	(848 001)	684 537	2 054 672	(1 711 360)	343 312
Total	**63 426 791**	**(14 297 857)**	**49 128 934**	**55 832 540**	**(13 039 942)**	**42 792 598**

Notes to the Annual Financial Statements

	2017 R	2016 R

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Air-conditioning	86 516	68 840	-	-	(36 439)	118 917
Biometric access system	223 180	23 073	-	-	(71 558)	174 695
Buildings and improvements	30 941 255	2 764 571	-	(407 404)	(1 070 781)	32 227 641
Catering equipment	1 707	-	(1 707)	-	-	-
Computer equipment	234 486	36 934	-	-	(136 044)	135 376
Computer software	34 798	4 348	-	-	(29 290)	9 856
Furniture and fixtures	1 140 196	866 884	-	-	(336 840)	1 670 240
Golf course equipment	256 743	72 277	-	-	(183 751)	145 269
Golf course irrigation system	-	4 283 292	-	407 404	(258 698)	4 431 998
Land and infrastructure	9 530 405	-	-	-	-	9 530 405
Motor vehicles	343 312	7 900	-	-	333 325	684 537
	42 792 598	**8 128 119**	**(1 707)**	**-**	**(1 790 076)**	**49 128 934**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Air-conditioning	116 169	-	-	-	(29 653)	86 516
Biometric access system	161 651	114 235	-	-	(52 706)	223 180
Buildings and improvements	21 186 513	10 476 781	-	-	(722 039)	30 941 255
Catering equipment	123 838	33 402	(102 861)	(5 761)	(46 911)	1 707
Computer equipment	210 298	172 717	(10 717)	-	(137 812)	234 486
Computer software	32 087	38 949	-	-	(36 238)	34 798
Furniture and fixtures	1 516 056	77 111	(226 359)	5 761	(232 373)	1 140 196
Golf course equipment	419 013	-	-	-	(162 270)	256 743
Land and infrastructure	9 530 405	-	-	-	-	9 530 405
Motor vehicles	536 608	-	-	-	(193 296)	343 312
	33 832 638	**10 913 195**	**(339 937)**	**-**	**(1 613 298)**	**42 792 598**

4. Inventories

	2017 R	2016 R
Proshop merchandise	1 053 725	891 027
Consumables stores	16 697	-
	1 070 422	**891 027**

5. Trade and other receivables

	2017 R	2016 R
Trade receivables	3 895 166	3 180 265
Deposits	35 500	35 500
Other receivable	11 271	92 933
Prepayments	144 777	66 795
VAT	68 983	517 132
	4 155 697	**3 892 625**

Notes to the Annual Financial Statements

	2017 R	2016 R

6. Cash and cash equivalents

Cash and cash equivalents consist of:

	2017 R	2016 R
Bank balances	6 185 345	4 962 842
Cash on hand	54 762	18 038
	6 240 107	**4 980 880**

7. Clubhouse and golf course reserve

	2017 R	2016 R
The clubhouse and golf course reserve represents the contributions made, either paid in full or over a period of ten years, to acquire the clubhouse and golf course.	20 706 563	17 433 007

8. Capital reserve

In terms of its Memorandum of Incorporation, the Homeowners Association is precluded from distributing any surplus income over expenditure to its members. The surplus or deficit is transferred to the capital reserve.

	2017 R	2016 R
Capital reserve surplus - opening balance	16 843 635	9 902 098
Capital levies	9 243 325	8 554 837
Depreciation	(1 790 076)	(1 613 300)
	24 296 884	**16 843 635**

9. Other financial liabilities

	2017 R	2016 R
At amortised cost		
Nimav Investments Proprietary Limited The loan is unsecured, repayable over a period of 10 years with an interest rate of 1% above the prime overdraft rate, calculated on the daily balance of capital outstanding. The loan is repaid in monthly instalments of R38 212.17 per month. The final instalment is due on 31 August 2021.	1 592 882	1 889 896
Silver Lakes Proprietary Limited The golf course loan is secured, repayable over a period of 10 years with an interest rate of 10.5% calculated monthly in advance on the outstanding balance of capital due. A monthly payment of R 134 935 is paid. The final instalment is due on 28 February 2021. The land and buildings of the golf course serve as security for the loan.	5 001 306	6 035 613
Mortgage bond: The South African Bank of Athens Limited The bond is secured, repayable over a period of 10 years with an interest rate of 2.75% above the prime overdraft rate of the South African Bank of Athens Ltd, calculated on the daily balance of capital outstanding. Based on an interest rate of 13.25% a monthly payment of R196 980 (2016: R197 175) is paid. The final instalment is due on 28 February 2021. The land and buildings of the clubhouse serve as security for the bond as well as a cession and pledge over levies.	6 751 070	8 817 844
	13 345 258	**16 743 353**

Notes to the Annual Financial Statements

	2017 R	2016 R
9. Other financial liabilities (continued)		
Non-current liabilities		
At amortised cost	10 497 856	14 279 956
Current liabilities		
At amortised cost	2 847 402	2 463 397
	13 345 258	**16 743 353**

10. Instalment sale liabilities

	2017 R	2016 R
Minimum lease payments which fall due		
- within one year	82 668	141 790
- in second to fifth year inclusive	-	82 668
	82 668	224 458
Less: future finance charges	(3 099)	(20 169)
Present value of minimum lease payments	**79 569**	**204 289**
Non-current liabilities	-	79 643
Current liabilities	79 569	124 646
	79 569	**204 289**

It is company policy to lease certain motor vehicles and equipment under instalment sale agreements.

The average lease term was 3 - 5 years (2016: 3 - 5 years) and the average effective borrowing rate was 11.5% (2016: 11.5%).

11. Trade and other payables

	2017 R	2016 R
Trade payables	2 446 930	1 390 976
Other payables	224 217	243 502
Accrued expense - Other	1 621 983	1 091 788
Accrued leave pay	285 193	346 533
Amounts received in advance	4 364 144	4 355 247
Deposits received - Pavement and contractors	378 525	413 768
	9 320 992	**7 841 814**

12. Revenue

	2017 R	2016 R
Levies	27 491 110	25 718 362
Golf - Subscriptions and fees	14 179 260	13 760 804
Capital levies	9 243 324	8 554 837
Clubhouse and golf course levies	4 602 166	4 838 764
Clubhouse - Food and bar sales	12 433	5 894 715
Refuse removal	876 904	2 570 592
	56 405 197	**61 338 074**

	2017 R	2016 R

13. Operating surplus

Operating surplus for the year is stated after accounting for the following:

Operating lease charges		
Lease rentals on operating lease		
• Contractual amounts	478 788	290 438
Profit on sale of property, plant and equipment	36 792	39 697
Depreciation on property, plant and equipment	1 790 076	1 613 298
Employee costs	10 739 871	11 833 739
Legal fees	1 086 155	603 075
Directors' remuneration	1 964 342	1 874 968

14. Investment revenue

Interest revenue		
Bank	99 618	6 053
Interest charged on members accounts	261 423	232 958
	361 041	**239 011**

15. Fair value adjustments

Biological assets	(47 262)	(29 320)

16. Finance costs

Instalment sale liabilities	18 877	48 123
Non-current borrowings	1 328 608	1 411 969
Other interest paid	-	2 620
	1 347 485	**1 462 712**

17. Auditors' remuneration

Fees	199 168	185 158
Adjustment for previous year	1 004	18 140
	200 172	**203 298**

18. Taxation

Taxation is not provided as the company did not earn any taxable income from its operations. Levy income is exempt from taxation in terms of Section 10(1)(e) of the Income Tax Act No. 58 of 1962.

Notes to the Annual Financial Statements

	2017 R	2016 R

19. Cash generated from operations

Surplus	10 093 367	11 557 889
Adjustments for:		
Depreciation	1 790 076	1 613 296
Profit on sale of property, plant and equipment	(36 792)	(39 697)
Interest received	(361 041)	(239 011)
Finance costs	1 347 485	1 462 712
Fair value adjustments	47 261	29 320
Changes in working capital:		
Inventories	(179 395)	239 001
Trade and other receivables	(263 072)	905 165
Trade and other payables	1 479 179	(4 203 353)
	13 917 068	**11 325 322**

20. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	990 581	1 002 996
- in second to fifth year inclusive	2 140 756	1 606 224
	3 131 337	**2 609 220**

Operating lease payments represent rentals payable by the company for certain of its golf course equipment. Leases are negotiated for an average term of five years. No contingent rent is payable.

Operating leases – as lessor (income)

Minimum lease payments due		
- within one year	1 522 484	1 164 069
- in second to fifth year inclusive	4 770 663	4 604 828
- later than five years	-	17 441
	6 293 147	**5 786 338**

Operating lease income represents the rentals receivable by the company for the rental of premises of the company leased to external parties. There are no contingent rents receivable.

21. Related parties

Relationships

Directors	JF Botha
	J Coetzee
	JH de Wet
	VC du Plessis
	C Mathews
	S Pretorius
	JA Roets

Notes to the Annual Financial Statements

	2017 R	2016 R

21. Related parties (continued)

Related party balances

	2017 R	2016 R
Amounts included in Trade receivable (Trade Payable) regarding related parties		
A McKenna Golf Academy: A McKenna	15 000	15 120
Absolute Pilates South Africa: M de Wet / Z Visser	39 970	17 463
CEC Conferences: JB McCallaghan	36 471	26 567
Christo Bekker Inc: C Bekker	(10 576)	-
GJM Builders: J McLachlan (Retention)	(214 411)	(407 132)
N Scott	(2 100)	-
National Internet Technologies: J Morgan	(2 440)	(13 873)
Pick n Pay: J Botha	(6 218)	-
RC Accounting & Tax Services: R Cilliers	-	(25 740)
	(144 304)	**(387 595)**

Related party transactions

	2017 R	2016 R
Purchases from (sales to) related parties		
Arno's Plumbing: A Vermaak	-	41 892
Audio Professionals: A Botha	109 913	-
CEC Conferences: JB McCallaghan	-	(128 568)
Catchco Africa: Dr D Grobler	80 343	79 627
Christo Bekker Inc: C Bekker	966 008	720 894
Eugene Kruger & Kie Ingelyf: E Kruger	-	13 907
Garden Group: A du Toit	1 606 411	1 812 911
Gary Petit Surveys: G Pettit	20 954	21 388
Gecko Office Solutions: A Schreiber	12 520	6 930
Ger-Matic Panel Beater: C Leonard	32 640	-
GJM Builders: J McLachlan	975 434	7 612 642
Heiton: R Taylor	200 641	88 432
Jack Williams Land Surveyors: J Williams	-	25 742
Living4U: A Coetzee	15 682	238 534
MTG Consulting: M te Groen	19 313	-
National Internet Technologies: J Morgan	464 326	771 326
Online Intelligence: J Botha	4 494	1 283
Pick & Pay Waverley: J Botha	210 260	166 363
Promac: S Prost	59 618	9 704
Q Photo: P Geyser	82 415	48 870
RC Accounting & Tax Services: R Cilliers	81 380	60 660
RLB Pentad: C Botha	-	229 000
N Scott	17 500	8 400
Sezifin: M von Backström	24 624	41 496
Specialist Precast Elements: P van Rooyen	-	59 170
Status Hire: J Faul	8 882	13 272
Steed Bekker Waterproofing: S Bekker	-	64 765
	4 993 358	**12 008 640**

	2017 R	2016 R
Rent paid to (received from) related parties		
Absolute Pilates South Africa: M de Wet / Z Visser	(164 393)	(140 005)
A McKenna Golf Academy: A McKenna	(121 594)	(114 526)
	(285 987)	**(254 531)**

	2017 R	2016 R

22. Directors' remuneration

Executive

2017

	Emoluments	Total
JF Botha	11 900	11 900
J Coetzee	14 877	14 877
JH de Wet	1 194 023	1 194 023
C Mathews	132 547	132 547
MF Geyser	127 924	127 924
JT O'Neil	127 924	127 924
S Pretorius	227 224	227 224
E Kruger	127 924	127 924
	1 964 343	**1 964 343**

2016

	Emoluments	Total
JH de Wet	1 099 670	1 099 670
C Mathews	127 779	127 779
MF Geyser	142 793	142 793
JT O'Neil	142 793	142 793
S Pretorius	219 139	219 139
E Kruger	142 793	142 793
	1 874 967	**1 874 967**

23. Change in estimate

Property, plant and equipment

Residual values on motor vehicles

During the current year the residual values of motor vehicles were adjusted. The effect of this resulted in a decrease in depreciation for the current year of R368 673.

The effect on the future period surplus is a decrease in depreciation of R161 040.