

Silver Lakes Homeowners Association NPC  
Annual financial statements  
for the year ended 31 March 2016

# Silver Lakes Homeowners Association NPC

(Registration number 1992/004661/08)

Annual Financial Statements for the year ended 31 March 2016

## General Information

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Homeowners Association
<b>Directors</b>	De Wet, JH Geyser, MF Kruger, E Mathews, C O'Neil, JT Pretorius, S
<b>Registered office</b>	27 Muirfield Boulevard Silver Lakes 0081
<b>Business address</b>	27 Muirfield Boulevard Silver Lakes 0081
<b>Postal address</b>	PO Box 11106 Silver Lakes 0054
<b>Bankers</b>	Nedbank Limited, ABSA Bank Limited The South Africa Bank of Athens Limited
<b>Auditors</b>	Grant Thornton Chartered Accountants (S.A.) Registered Auditors Member of Grant Thornton International
<b>Company registration number</b>	1992/004661/08
<b>Preparer</b>	The annual financial statements were independently compiled by: Steyn, B Summit Drafting Services
<b>Published</b>	27 June 2016

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

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## Directors' Responsibilities and Approval

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The directors are required by the Companies Act 71 of 2008, 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 judgments and estimates.

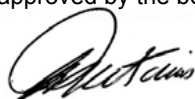
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal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

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

The directors have reviewed the company's cash flow forecast for the year to 31 March 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing 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 6 to 20, which have been prepared on the going concern basis, were approved by the board on 27 June 2016 and were signed on its behalf by:



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Pretorius, S



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O'Neil, JT

## Independent Auditors' Report

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(4)

### To the members of Silver Lakes Homeowners Association NPC

We have audited the annual financial statements of Silver Lakes Homeowners Association NPC set out on pages 7 to 20, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and 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 misstatements, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Silver Lakes Homeowners Association NPC as at 31 March 2016, and its financial performance and its 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 71 of 2008.

## **Independent Auditors' Report**

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### **Other reports required by the Companies Act**

As part of our audit of the annual financial statements for the year ended 31 March 2016, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited annual financial statements. The Directors' Report is the responsibility of the directors. Based on reading the Directors' Report we have not identified material inconsistencies between this report and the audited annual financial statements. However, we have not audited the Directors' Report and accordingly do not express an opinion thereon.

#### **GRANT THORNTON**

Chartered Accountant (SA)  
Registered Auditors

#### **NC Kyriacou**

Partner  
Chartered Accountant (SA)  
Registered Auditor

**27 June 2016**

Summit Place, Building 2  
221 Garstfontein Road  
Menlyn  
0181

# Silver Lakes Homeowners Association NPC

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Annual Financial Statements for the year ended 31 March 2016

## Directors' Report

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The directors submit their report for the year ended 31 March 2016.

### 1. Incorporation

The company was incorporated in South Africa on 14 August 1992 and obtained its certificate to commence business on the same day. The charging of a homeowners levy was implemented on 1 April 1994.

### 2. Review of activities

#### Main business and operations

The company is engaged in the business of a homeowners association within South Africa which association includes a golf course and clubhouse operation.

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

### 3. Going concern

The annual 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.

### 4. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

### 5. Directors' interest in contracts

No contracts having director's interest were entered into during the year under review.

### 6. Directors

The directors of the company during the year and to the date of this report are as follows:

#### Name

De Wet, JH

Geyser, MF

Kruger, E

Mathews, C

O'Neil, JT

Pretorius, S

### 7. Secretary

The company had no secretary during the year.

### 8. Auditors

Grant Thornton will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

# Silver Lakes Homeowners Association NPC

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Annual Financial Statements for the year ended 31 March 2016

## Statement of Financial Position

(7)

	Note(s)	2016 R	2015 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Biological assets	2	540 600	569 920
Property, plant and equipment	3	42 792 598	33 832 637
		<b>43 333 198</b>	<b>34 402 557</b>
<b>Current Assets</b>			
Inventories	4	891 027	1 130 028
Trade and other receivables	5	3 892 625	4 797 790
Cash and cash equivalents	6	4 980 880	8 779 914
		<b>9 764 532</b>	<b>14 707 732</b>
<b>Total Assets</b>		<b>53 097 730</b>	<b>49 110 289</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Clubhouse and golf course fund	7	17 433 007	14 522 006
Capital reserve fund	8	16 843 635	9 902 098
Accumulated loss		(5 968 368)	(7 673 719)
		<b>28 308 274</b>	<b>16 750 385</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Other financial liabilities	9	14 279 956	17 205 000
Instalment sale liabilities	10	79 643	271 170
		<b>14 359 599</b>	<b>17 476 170</b>
<b>Current Liabilities</b>			
Other financial liabilities	9	2 463 397	2 526 048
Instalment sale liabilities	10	124 646	312 518
Trade and other payables	11	7 841 814	12 045 168
		<b>10 429 857</b>	<b>14 883 734</b>
<b>Total Liabilities</b>		<b>24 789 456</b>	<b>32 359 904</b>
<b>Total Equity and Liabilities</b>		<b>53 097 730</b>	<b>49 110 289</b>



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## Statement of Comprehensive Income

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	Note(s)	2016 R	2015 R
Revenue	12	61 338 074	61 002 479
Cost of sales		(5 024 614)	(7 673 932)
<b>Gross profit</b>		<b>56 313 460</b>	<b>53 328 547</b>
Other income		4 146 541	3 023 111
Operating expenses		(47 649 091)	(48 452 883)
<b>Operating surplus</b>	13	<b>12 810 910</b>	<b>7 898 775</b>
Investment revenue	14	239 011	289 972
Fair value adjustments	15	(29 320)	274 040
Finance costs	16	(1 462 712)	(1 703 626)
<b>Surplus for the year</b>		<b>11 557 889</b>	<b>6 759 161</b>

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## Statement of Changes in Equity

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	Clubhouse and golf course fund R	Capital reserve fund R	Accumulated surplus (loss) R	Total equity R
<b>Balance at 1 April 2014</b>	<b>11 841 728</b>	<b>8 030 291</b>	<b>(9 880 795)</b>	<b>9 991 224</b>
Changes in equity				
Surplus for the year	-	-	6 759 161	6 759 161
Transfer to clubhouse and golf course fund	2 680 278	-	(2 680 278)	-
Transfer to capital fund	-	1 871 807	(1 871 807)	-
Total changes	2 680 278	1 871 807	2 207 076	6 759 161
<b>Balance at 1 April 2015</b>	<b>14 522 006</b>	<b>9 902 098</b>	<b>(7 673 719)</b>	<b>16 750 385</b>
Changes in equity				
Surplus for the year	-	-	11 557 889	11 557 889
Transfer to clubhouse and golf course fund	2 911 001	-	(2 911 001)	-
Transfer to capital fund	-	6 941 537	(6 941 537)	-
Total changes	2 911 001	6 941 537	1 705 351	11 557 889
<b>Balance at 31 March 2016</b>	<b>17 433 007</b>	<b>16 843 635</b>	<b>(5 968 368)</b>	<b>28 308 274</b>
Note(s)	7	8		

# Silver Lakes Homeowners Association NPC

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## Statement of Cash Flows

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	Note(s)	2016 R	2015 R
<b>Cash flows from operating activities</b>			
Cash generated from operations	19	11 325 322	9 946 860
Interest income		239 011	289 972
Finance costs		(1 462 712)	(1 703 626)
<b>Net cash from operating activities</b>		<b>10 101 621</b>	<b>8 533 206</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(10 913 195)	(2 698 712)
Sale of property, plant and equipment	3	379 634	14 035
Purchase of biological assets	2	-	(10 000)
Sale of biological assets	2	-	224 120
<b>Net cash from investing activities</b>		<b>(10 533 561)</b>	<b>(2 470 557)</b>
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(2 987 695)	(3 355 593)
Instalment sale agreement repayments		(379 399)	(309 962)
<b>Net cash from financing activities</b>		<b>(3 367 094)</b>	<b>(3 665 555)</b>
<b>Total cash movement for the year</b>		<b>(3 799 034)</b>	<b>2 397 094</b>
Cash at the beginning of the year		8 779 914	6 382 820
<b>Total cash at end of the year</b>	6	<b>4 980 880</b>	<b>8 779 914</b>

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## Accounting Policies

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### 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 71 of 2008. The annual financial statements have been prepared on the historical cost basis, 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 Biological assets

Biological assets for which the 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 tangible items that:

- are held for use in the supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Costs 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.

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

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, which is as follows:

Item	Average useful life
Air-conditioners	6 years
Biometric access system	6 years
Buildings	40 years
Catering equipment	6 years
Computer equipment	3 years
Computer software	2 years
Furniture and fixtures	6 years
Golf course equipment	6 years
Motor vehicles	5 years

The residual value, depreciation method and the useful life of each asset are reviewed at each annual reporting period if there are indicators present that there is a 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.

#### 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 Fund note 8.

#### 1.3 Financial instruments

##### Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

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## Accounting Policies

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### 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 period date.

#### 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.

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 period date.

#### Tax expenses

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

### 1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

#### Instalment sale – lessee

Instalment sales 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 an instalment sale 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 as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

### 1.6 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.

### 1.7 Impairment of assets

The company assesses at each reporting period date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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## Accounting Policies

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### 1.7 Impairment of assets (continued)

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 (selling price less costs to complete and sell, in the case of inventories), 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 paid vacation leave 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 period 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 not recognised for future operating losses.

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.

### 1.10 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of discount and value added tax.

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

### 1.11 Borrowing costs

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

### 1.12 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.

# Silver Lakes Homeowners Association NPC

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## Notes to the Annual Financial Statements

(14)

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Game	540 600	-	540 600	569 920	-	569 920

### Reconciliation of biological assets - 2016

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

### Reconciliation of biological assets - 2015

	Opening balance	Additions	Disposals	Gains or losses arising from changes in fair value	Total
Game	410 000	10 000	(124 120)	274 040	569 920

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

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Air-conditioning	311 397	(224 881)	86 516	311 397	(195 228)	116 169
Biometric access system	1 219 749	(996 569)	223 180	1 105 514	(943 863)	161 651
Buildings and improvements	37 936 382	(6 995 127)	30 941 255	27 459 601	(6 273 088)	21 186 513
Catering equipment	3 811	(2 104)	1 707	239 713	(115 438)	124 275
Computer equipment	773 584	(539 098)	234 486	637 696	(427 398)	210 298
Computer software	128 707	(93 909)	34 798	89 758	(57 671)	32 087
Furniture and fixtures	2 915 743	(1 775 547)	1 140 196	3 264 483	(1 748 865)	1 515 618
Golf course equipment	958 090	(701 347)	256 743	958 090	(539 077)	419 013
Land and infrastructure	9 530 405	-	9 530 405	9 530 405	-	9 530 405
Motor vehicles	2 054 672	(1 711 360)	343 312	2 054 672	(1 518 064)	536 608
<b>Total</b>	<b>55 832 540</b>	<b>(13 039 942)</b>	<b>42 792 598</b>	<b>45 651 329</b>	<b>(11 818 692)</b>	<b>33 832 637</b>

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## Notes to the Annual Financial Statements

(15)

**2016**  
**R**                      **2015**  
**R**

### 3. Property, plant and equipment (continued)

#### 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	124 275	33 402	(102 861)	(5 761)	(47 348)	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	1 515 618	77 111	(226 359)	5 761	(231 935)	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
	<b>33 832 637</b>	<b>10 913 195</b>	<b>(339 937)</b>	<b>-</b>	<b>(1 613 297)</b>	<b>42 792 598</b>

#### Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Air-conditioning	120 351	-	(4 182)	116 169
Biometric access system	193 231	140 051	(171 631)	161 651
Buildings and improvements	20 701 138	1 275 182	(789 807)	21 186 513
Catering equipment	117 613	15 399	(8 737)	124 275
Computer equipment	148 870	159 303	(97 875)	210 298
Computer software	13 437	36 328	(17 678)	32 087
Furniture and fixtures	1 149 392	861 696	(495 470)	1 515 618
Golf course equipment	566 845	6 500	(154 332)	419 013
Land and infrastructure	9 450 075	80 330	-	9 530 405
Motor vehicles	808 528	123 923	(395 843)	536 608
	<b>33 269 480</b>	<b>2 698 712</b>	<b>(2 135 555)</b>	<b>33 832 637</b>

### 4. Inventories

Merchandise	891 027	1 130 028
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### 5. Trade and other receivables

Trade receivables	3 180 265	4 346 769
Deposits	35 500	19 041
Other receivable	92 933	11 922
Prepayments	66 795	-
VAT	517 132	420 058
	<b>3 892 625</b>	<b>4 797 790</b>

### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	4 962 842	8 571 311
Cash on hand	18 038	208 603
	<b>4 980 880</b>	<b>8 779 914</b>



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## Notes to the Annual Financial Statements

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	2016 R	2015 R
<b>7. Clubhouse and golf course fund</b>		
The clubhouse and golf course contribution represents the contributions made, either paid in full or over a period of ten years, to acquire the clubhouse and golf course.	17 433 007	14 522 006
<b>8. Capital reserve fund</b>		
In terms of its Memorandum and Articles of Association, 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 fund.		
Capital reserve surplus - opening balance	9 902 098	8 030 291
Capital levies	8 554 837	4 007 363
Depreciation	(1 613 300)	(2 135 556)
	<b>16 843 635</b>	<b>9 902 098</b>
<b>9. Other financial liabilities</b>		
<b>At amortised cost</b>		
Nimav Investments (Pty) Ltd The loan is unsecured, repayable over a period of 10 years with an interest rate of 1% above the prime overdraft rate of The South African Bank of Athens Ltd, 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.	1 889 896	2 143 593
Silver Lakes (Pty) Ltd 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.	6 035 613	6 832 412
Mortgage bond: The South African Bank of Athens Ltd 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% a monthly payment of R197 175 (2015: R218 395) is paid. The final instalment is due on 28 February 2021. The land and buildings of the clubhouse serve as security for the bond.	8 817 844	10 755 043
	<b>16 743 353</b>	<b>19 731 048</b>
<b>Non-current liabilities</b>		
At amortised cost	14 279 956	17 205 000
<b>Current liabilities</b>		
At amortised cost	2 463 397	2 526 048
	<b>16 743 353</b>	<b>19 731 048</b>

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## Notes to the Annual Financial Statements

(17)

	2016 R	2015 R
<b>10. Instalment sale liabilities</b>		
<b>Minimum lease payments due</b>		
- within one year	141 716	357 196
- in second to fifth year inclusive	82 668	289 268
	<u>224 384</u>	<u>646 464</u>
less: future finance charges	(20 169)	(62 776)
<b>Present value of minimum lease payments</b>	<b><u>204 215</u></b>	<b><u>583 688</u></b>
<b>Present value of minimum lease payments due</b>		
- within one year	124 646	312 517
- in second to fifth year inclusive	79 569	271 171
	<u>204 215</u>	<u>583 688</u>
Non-current liabilities	79 643	271 170
Current liabilities	124 646	312 518
	<b><u>204 289</u></b>	<b><u>583 688</u></b>

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

The average lease term was 3 - 5 years and the average effective borrowing rate was 11.5% (2015: 10%).

### 11. Trade and other payables

Trade payables	1 390 976	1 951 521
Amounts received in advance	4 355 247	5 423 290
Deposits received - pavement and contractors	413 768	1 671 412
Accrued expense - Other	1 091 797	2 314 835
Accrued leave pay	346 533	371 201
Other payables	243 493	312 909
	<b><u>7 841 814</u></b>	<b><u>12 045 168</u></b>

### 12. Revenue

Levies	25 718 362	25 399 906
Clubhouse and golf course levies	4 838 764	5 009 710
Capital levies	8 554 837	4 007 363
Refuse removal	2 570 592	2 365 838
Golf - Subscriptions and fees	13 760 804	11 716 732
Clubhouse - Food and bar sales	5 894 715	12 502 930
	<b><u>61 338 074</u></b>	<b><u>61 002 479</u></b>

### 13. Operating surplus

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

#### Operating lease charges

Lease rentals on operating lease		
• Straight-line amounts	290 438	242 392

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## Notes to the Annual Financial Statements

(18)

	2016 R	2015 R
<b>13. Operating surplus (continued)</b>		
Profit on sale of property, plant and equipment	39 697	14 035
Profit on sale of game	-	100 000
Depreciation on property, plant and equipment	1 613 299	2 135 555
Employee costs	11 833 739	13 797 415
Legal fees	603 075	356 141
Directors remuneration	1 874 968	1 689 381
<b>14. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	6 053	5 456
Interest charged on member accounts	232 958	284 516
	<b>239 011</b>	<b>289 972</b>
<b>15. Fair value adjustments</b>		
Biological assets	(29 320)	274 040
<b>16. Finance costs</b>		
Instalment sale liabilities	48 123	76 531
Non-current borrowings	1 411 969	1 626 341
Other interest paid	2 620	754
	<b>1 462 712</b>	<b>1 703 626</b>
<b>17. Taxation</b>		
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.		
<b>18. Auditors' remuneration</b>		
Adjustment for previous year	18 140	6 745
Fees	185 158	178 000
	<b>203 298</b>	<b>184 745</b>
<b>19. Cash generated from operations</b>		
Profit before taxation	11 557 889	6 759 161
<b>Adjustments for:</b>		
Depreciation and amortisation	1 613 299	2 135 555
Profit on sale of property, plant and equipment	(39 697)	(114 035)
Interest received	(239 011)	(289 972)
Finance costs	1 462 712	1 703 626
Fair value adjustments	29 320	(274 040)
<b>Changes in working capital:</b>		
Inventories	239 001	(4 408)
Trade and other receivables	905 165	(2 184 863)
Trade and other payables	(4 203 356)	2 215 836
	<b>11 325 322</b>	<b>9 946 860</b>

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## Notes to the Annual Financial Statements

(19)

	2016 R	2015 R
<b>20. Commitments</b>		
<b>Operating leases – as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	1 002 996	769 911
- in second to fifth year inclusive	1 606 224	1 269 316
	<b>2 609 220</b>	<b>2 039 227</b>

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)

<b>Minimum lease payments due</b>		
- within one year	1 164 069	408 069
- in second to fifth year inclusive	4 604 828	207 552
- later than five years	17 441	52 919
	<b>5 786 338</b>	<b>668 540</b>

Operating lease income represents the rentals receivable by the company for the rental of premises of the company leased to external parties.

## 21. Related parties

### Relationships

Directors	De Wet, JH Geyser, MF Kruger, E Mathews, C O'Neil, JT Pretorius, S
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### Related party balances

#### Amounts included in Trade receivable (Trade Payable) regarding related parties

A McKenna Golf Academy: A McKenna	15 120	20 880
Absolute Pilates South Africa: M de Wet / Z Visser	17 463	(12 396)
CEC Conferences: JB McCallaghan	26 567	-
GJM Builders: J McLachlan	(26 562)	-
National Internet Technologies: J Morgan	(13 873)	-
RC Accounting & Tax Services: R Cilliers	(25 740)	-
	<b>(7 025)</b>	<b>8 484</b>

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## Notes to the Annual Financial Statements

(20)

	2016 R	2015 R
<b>21. Related parties (continued)</b>		
<b>Related party transactions</b>		
<b>Purchases from (sales to) related parties</b>		
Arno's Plumbing: A Vermaak	41 892	-
Catchco Africa: D Grobler	79 627	94 712
CEC Conference: JB McCallaghan	(128 568)	-
Christo Bekker Inc: C Bekker	720 894	503 184
Eugene Kruger & Kie Ingelyf: E Kruger	13 907	9 120
Garden Group: A du Toit	1 812 911	-
Gary Petit Surveys: G Pettit	21 388	23 605
Gecko Office Solutions: A Schreiber	6 930	-
GJM Builders: J McLachlan	7 612 642	-
Heiton: R Taylor	88 432	-
Jack Williams Land Surveyors: J Williams	25 742	-
Living4U: A Coetzee	238 534	71 250
National Internet Technologies: J Morgan	771 328	404 953
Online Intelligence: J Botha	1 283	34 478
Pick & Pay Waverley: J Botha	166 363	-
Promac: S Prost	9 704	-
Q Photo: P Geyser	48 870	-
RC Accounting & Tax services: R Cilliers	60 660	-
RLB Pentad: C Botha	229 000	-
Sezifin: M von Backström	41 496	-
Specialist Precast Elements: P van Rooyen	59 170	-
Status Hire: J Faul	13 272	2 257
Steed Bekker Waterproofing: S Bekker	64 765	-
	<b>12 000 242</b>	<b>1 143 559</b>
<b>Rent paid to (received from) related parties</b>		
Absolute Pilates South Africa: M de Wet / Z Visser	(140 005)	(116 231)
A McKenna Golf Academy: A McKenna	(114 526)	(117 079)
	<b>(254 531)</b>	<b>(233 310)</b>
<b>22. Directors' remuneration</b>		
Brown, ML	-	51 795
Coetzee, J	-	487 984
De Wet, JH	1 099 670	345 000
Geyser, MF	142 793	135 960
Kruger, E	142 793	53 164
Mathews, C	127 779	135 960
O'Neil, JT	142 793	183 560
Pretorius, S	219 139	233 095
Scott, NE	-	22 660
Serton, JE	-	40 203
	<b>1 874 967</b>	<b>1 689 381</b>