

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

These financial statements have been audited in compliance with the applicable requirements of the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011).

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Homeowners association as set out in section 4 of the constitution
TRUSTEES	E Harris (Chairperson) F Keuzenkamp F Carstens R Watson H Krouse N Sprenger
LOCATION OF COMPANY RECORDS	Unit 1 Croydon Vineyard Estate Croydon SOMERSET WEST 7130
REGISTERED OFFICE	Unit 1 Croydon Vineyard Estate Croydon SOMERSET WEST 7130
POSTAL ADDRESS	Unit 1 Croydon Vineyard Estate Croydon 7130
AUDITORS	Exceed (Cape Town) Inc Chartered Accountants (S.A.) Registered Auditor
LEVEL OF ASSURANCE	These financial statements have been audited in compliance with the applicable requirements of the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011).
PREPARER	The financial statements were independently compiled by: JL Coetzee CA (S.A.)
PUBLISHED	_____

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF TRUSTEES OF CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Croydon Vineyard Estate Homeowners Association set out on pages 8 to 25, which comprise the Statement of Financial Position as at 31 May 2017, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of Croydon Vineyard Estate Homeowners Association as at 31 May 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 Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. 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 body corporate in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The trustees are responsible for the other information. The other information comprises the Trustees' Report as required by the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011) and the supplementary information which we obtained prior to the date of this report. 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.

Responsibilities of the trustees for the Financial Statements

The trustees are responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011), and for such internal control as the trustees 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 trustees are responsible for assessing the body corporate'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 trustees either intend to liquidate the body corporate 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 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 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 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 body corporate's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' 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 body corporate'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 body corporate 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.

We communicate with the trustees 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.

Report on other legal and regulatory requirements

In accordance with the Management Rules of the body corporate as adopted in terms of Regulation 6 of the Sectional Titles Schemes Management Regulations, 2016, Rules 26(5)(c)(ii), (iii) and (iv), we report as follows:

Compliance findings with accounting requirements (Rule 26(5)(c)(ii))

The trustees are responsible to ensure that the body corporate complies with management rules 21, 24 and 26 adopted in terms of the Sectional Titles Schemes Management Regulations, 2016, including the implementation of systems, processes and internal control the trustees determine are necessary in the circumstances.

If during the course of our audit of the financial statements of the body corporate we become aware of any instances of non-compliance with the accounting requirements set out in management rules 21, 24 and 26, we are required to report our findings. We have nothing to report in this regard.

Management of the body corporate's financial affairs and funds (Rules 26(5)(c)(iii) and (iv))

In terms of relevant International Standards applicable to audit, review and other assurance engagements we were unable to conduct an engagement relating to whether the books of account of the body corporate have been kept and its funds have been managed so as to provide a reasonable level of protection against theft or fraud, and whether the financial affairs of the body corporate appear to be effectively managed, as required by Rules 26(5)(c)(iii) and (iv). We have not performed any audit, review or other assurance engagement in relation to these matters and accordingly we do not express any assurance opinion or conclusion thereon.

EXCEED (CAPE TOWN) INC.
Chartered Accountants (S.A.)
Registered Auditor
Director: GA van Rhyn
TYGER VALLEY

DATE

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

TRUSTEES' RESPONSIBILITIES AND APPROVAL

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the homeowners association 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 financial statements.

The 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 trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the homeowners association and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees 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 homeowners association and all employees are required to maintain the highest ethical standards in ensuring the homeowners association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the homeowners association is on identifying, assessing, managing and monitoring all known forms of risk across the homeowners association. While operating risk cannot be fully eliminated, the homeowners association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have reviewed the homeowners association's cash flow forecast for the year to 31 May 2018 and, in the light of this review and the current financial position, they are satisfied that the homeowners association 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 homeowners association's financial statements. The financial statements have been examined by the homeowners association's external auditors and their report is presented on pages 3 to 5.

The financial statements set out on pages 7 to 25, which have been prepared on the going concern basis, were approved by the trustees on _____ and were signed on their behalf by:

E HARRIS (CHAIRPERSON)

F KEUZENKAMP

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

TRUSTEES' REPORT

The trustees submit their report for the year ended 31 May 2017.

1. REVIEW OF ACTIVITIES

Main business and operations

The homeowners association is engaged in operations as set out in section 4 of the constitution and operates principally in South Africa.

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

2. GOING CONCERN

The trustees believe that the association has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on the going concern basis. The trustees have satisfied themselves that the association is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The trustees are not aware of any new material changes which may adversely impact the association. The trustees 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 association.

3. EVENTS AFTER THE REPORTING PERIOD

The trustees are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the financial statements.

4. NON-CURRENT ASSETS

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

5. TRUSTEES

The trustees of the body corporate during the year and to the date of this report are as follows:

Names	Changes 20/05/2017
E Harris (Chairperson)	
JP van Wyk	Resigned
F Keuzenkamp	
F Carstens	
R Watson	
W du Toit	Resigned
J Spies	Resigned
H Krouse	Appointed
N Sprenger	Appointed

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

STATEMENT OF FINANCIAL POSITION

	Notes	2017 R	2016 R
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	1 846 598	1 979 462
Other financial assets	3	859 461	1 572 173
		2 706 059	3 551 635
Current Assets			
Other financial assets	3	-	43 909
Trade and other receivables	5	1 487 816	2 869 380
Current tax receivable		-	76 494
Cash and cash equivalents	6	5 476 571	3 267 321
		6 964 387	6 257 104
Total Assets		9 670 446	9 808 739
EQUITY AND LIABILITIES			
OWNERS' FUNDS AND RESERVES			
Other reserves		5 848 938	5 222 970
Accumulated surplus		1 585 266	2 212 970
		7 434 204	7 435 940
LIABILITIES			
Non-Current Liabilities			
Deferred tax	4	2 199	55 204
Finance lease liabilities	9	150 820	221 084
Deferred gain	10	569 341	569 341
		722 360	845 629
Current Liabilities			
Finance lease liabilities	9	73 039	56 390
Trade and other payables	11	1 285 060	1 470 780
Current tax payable		155 783	-
		1 513 882	1 527 170
Total Liabilities		2 236 242	2 372 799
Total Equity and Liabilities		9 670 446	9 808 739

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2017 R	2016 R
Revenue	12	10 572 955	13 895 255
Other income	13	427 737	121 665
Operating expenses		(10 909 324)	(11 076 402)
Operating surplus	14	91 368	2 940 518
Investment revenue	15	315 387	429 220
Finance costs	16	(58 873)	(76 476)
Surplus before taxation		347 882	3 293 262
Taxation	17	(349 618)	(47 473)
(Deficit) surplus for the year		(1 736)	3 245 789
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		(1 736)	3 245 789

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

STATEMENT OF CHANGES IN EQUITY

	Notes	Capital development fund R	Special levy fund R	Total reserves R	Accumulated surplus R	Total equity R
Balance at 01 June 2015		3 457 936	(268 330)	3 189 606	1 000 545	4 190 151
Surplus for the year		-	-	-	3 245 789	3 245 789
Capital expenditure from fund		(233 278)	(1 619 669)	(1 852 947)	1 852 947	-
Recoveries of capital expenditure		1 719 719	2 166 592	3 886 311	(3 886 311)	-
Balance at 01 June 2016		4 944 377	278 593	5 222 970	2 212 970	7 435 940
Deficit for the year		-	-	-	(1 736)	(1 736)
Capital expenditure from fund	7	(93 273)	(19 950)	(113 223)	113 223	-
Recoveries of capital expenditure	8	739 191	-	739 191	(739 191)	-
Total changes		645 918	(19 950)	625 968	(625 968)	-
Balance at 31 May 2017		5 590 295	258 643	5 848 938	1 585 266	7 434 204

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

STATEMENT OF CASH FLOWS

	Notes	2017 R	2016 R
Cash flows from operating activities			
Cash receipts from customers		11 954 517	12 010 545
Cash paid to suppliers and employees		(10 262 583)	(10 649 311)
Cash generated from operations	18	1 691 934	1 361 234
Interest income		315 387	429 220
Finance costs		(58 873)	(76 476)
Tax (paid) received		(170 346)	319 838
Net cash from operating activities		1 778 102	2 033 816
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(271 858)	(1 622 501)
Disposal of property, plant and equipment	2	-	10 000
Loans repaid by / (advanced to) related parties		712 712	(581 284)
Loans repaid / (advanced)		43 909	(43 909)
Net cash from investing activities		484 763	(2 237 694)
Cash flows from financing activities			
Finance lease payments		(53 615)	(58 597)
Total cash movement for the year		2 209 250	(262 475)
Cash at the beginning of the year		3 267 321	3 529 796
Total cash at end of the year	6	5 476 571	3 267 321

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011). The 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 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, or for rental to others or for administrative purposes; and are expected to be used during more than one period.

Property, plant and equipment is 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	Average useful life
Buildings and equipment	3 years
Borehole	10 years
Motor vehicles	5 years
Office equipment	5 years
Furniture and fittings	6 years
Computer equipment	3 -15 years
Gymnasium equipment	10 years
Other fixed assets	3 years
Kitchen equipment	2 - 6 years
Security system	5 years

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

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 determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

ACCOUNTING POLICIES

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 surplus or deficit) 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 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 surplus or deficit.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment.

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 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.

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

ACCOUNTING POLICIES

1.3 TAX (continued)

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.

The Homeowners Association is taxed in terms of Section 10(1)(e) of the Income Tax Act.

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. All other leases are operating leases.

Finance leases – 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 - lessor

Operating lease income is recognised as an income on they are incurred unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is 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.

1.5 IMPAIRMENT OF ASSETS

The body corporate assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill 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 surplus or deficit.

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 surplus or deficit.

1.6 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.

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

ACCOUNTING POLICIES

1.7 REVENUE

Revenue is recognised to the extent that the association 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 association. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The Stage of completion is determined by surveys of work performed. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.8 BORROWING COSTS

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

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

NOTES TO THE FINANCIAL STATEMENTS

	2017 R	2016 R
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2. PROPERTY, PLANT AND EQUIPMENT

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings and equipment	86 912	(1 274)	85 638	-	-	-
Furniture and fittings	81 040	(24 879)	56 161	54 450	(14 440)	40 010
Motor vehicles	91 035	(40 956)	50 079	91 035	(36 624)	54 411
Office equipment	13 305	(13 305)	-	13 305	(13 303)	2
Computer equipment	373 301	(144 534)	228 767	381 901	(105 359)	276 542
Borehole	61 639	(1 267)	60 372	-	-	-
Other fixed assets	137 526	(74 224)	63 302	93 399	(55 276)	38 123
Gymnasium equipment	104 464	(34 874)	69 590	77 074	(26 214)	50 860
Security system	1 552 022	(319 333)	1 232 689	1 532 072	(12 558)	1 519 514
Total	2 501 244	(654 646)	1 846 598	2 243 236	(263 774)	1 979 462

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Buildings and equipment	-	86 912	(1 274)	85 638
Furniture and fittings	40 010	26 590	(10 439)	56 161
Motor vehicles	54 411	-	(4 332)	50 079
Office equipment	2	-	(2)	-
Computer equipment	276 542	-	(47 775)	228 767
Borehole	-	61 639	(1 267)	60 372
Other fixed assets	38 123	49 377	(24 198)	63 302
Gymnasium equipment	50 860	27 390	(8 660)	69 590
Security system	1 519 514	19 950	(306 775)	1 232 689
	1 979 462	271 858	(404 722)	1 846 598

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fittings	9 315	36 590	-	(5 895)	40 010
Motor vehicles	36 000	21 660	-	(3 249)	54 411
Office equipment	2 467	-	-	(2 465)	2
Computer equipment	337 883	-	(8 335)	(53 006)	276 542
Other fixed assets	30 292	32 179	-	(24 348)	38 123
Gymnasium equipment	58 568	-	-	(7 708)	50 860
Security system	-	1 532 072	-	(12 558)	1 519 514
	474 525	1 622 501	(8 335)	(109 229)	1 979 462

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

NOTES TO THE FINANCIAL STATEMENTS

2017	2016
R	R

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment

Common property

Erven 1338, 1340, 1347, 1371, 1372, 1392, 1407, 1408, 1409, 1410, 1438, 1440, 1451, 1459, 1472, 1483, 1492, 1499, 1509, 1517, 1549, 1558, 1566, 1574 was transferred to the Homeowners Association between 4 January 2006 and 19 June 2006. These erven were transferred due to the fact that they include common features such as the Lifestyle centre, roads, vineyards and security buildings.

In addition to this, the following classes of assets were transferred to the Homeowners Association during the previous financial years at a zero net book value by the developers of the Croydon Vineyard Estate, Realty Dynamix 16 (Pty) Ltd:

- Buildings:	Building Construction
- Buildings:	Civil Engineering
- Plant and equipment:	Vineyard Construction
- Plant and equipment:	General landscaping
- Plant and equipment:	Winemaking
- Equipment:	Security assets
- Equipment:	Electronic equipment
- Equipment:	Gym equipment
- Equipment:	Kitchen equipment
- Office equipment:	Various
- Vehicles and machinery:	Various
- Furniture:	Fittings to Lifestyle centre

A fixed asset register is available for inspection at the registered office of the association.

Pledged as security

Carrying value of assets pledged as per note 9:
Computer equipment

228 767	274 940
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CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

NOTES TO THE FINANCIAL STATEMENTS

	2017 R	2016 R
3. OTHER FINANCIAL ASSETS		
Equity Instruments at cost		
Croydon Wine Company (Pty) Ltd	100	100
At amortised cost		
Croydon Wine Company (Pty) Ltd		
- Working capital on behalf of developer The entity provided working capital to Croydon Wine Company (Pty) Ltd on behalf of the developer. The loan bears interest at 9%. The loan was settled during the year under review.	-	384 281
- Working capital - other The loan bears no interest.	(7 443)	191 582
- Grape purchases The loan bears no interest and was settled during the year under review.	-	217 513
- Assets purchases Funds were advanced from the capital development fund to Croydon Wine Company (Pty) Ltd. The loan bears interest at 9%.	297 463	209 356
- Loan ceded by developer At the end of the development period Croydon Vineyards Estate Homeowners Association received the investment in Croydon Wine Company (Pty) Ltd, consisting of the shares and outstanding loan.	569 341	569 341
Short term loan	-	43 909
	859 361	1 615 982
Total other financial assets	859 461	1 616 082
Repayments from Croydon Wine Company (Pty) Ltd are expected as and when funds are available. The entity has signed a letter of support in favour of Croydon Wine Company (Pty) Ltd.		
The short term loan is unsecured, bears interest at prime plus 2% and is repayable in monthly instalments of R5,000. The loan was settled during the year under review.		
Non-current assets		
Equity Instruments at cost	100	100
At amortised cost	859 361	1 572 073
	859 461	1 572 173
Current assets		
At amortised cost	-	43 909
	859 461	1 616 082

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

NOTES TO THE FINANCIAL STATEMENTS

	2017 R	2016 R
4. DEFERRED TAX		
Deferred tax liability		
Capital allowance for tax purposes on fixed assets	(23 147)	(7 573)
Temporary differences on prepaid expenses	-	(56 708)
Total deferred tax liability	(23 147)	(64 281)
Deferred tax asset		
Temporary differences on provision for doubtful debts	-	7 397
Temporary differences on income received in advance	-	1 680
Temporary differences on accrued expenses	20 948	-
Deferred tax balance from temporary differences other than unused tax losses	20 948	9 077
Total deferred tax asset	20 948	9 077
The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the non-current assets: as follows:		
Deferred tax liability	(23 147)	(64 281)
Deferred tax asset	20 948	9 077
Total net deferred tax liability	(2 199)	(55 204)
Reconciliation of deferred tax asset \ (liability)		
At beginning of year	(55 204)	(11 346)
(Originating)/Reversing temporary difference on tangible fixed assets	(15 574)	3 773
(Reversing)/Originating temporary differences on income received in advance	(1 680)	1 680
Reversing/(Originating) temporary differences on prepaid expenses	56 708	(56 708)
(Reversing)/Originating temporary differences on provision for doubtful debts	(7 397)	7 397
Originating temporary differences on accrued expenses	20 948	-
	(2 199)	(55 204)
5. TRADE AND OTHER RECEIVABLES		
Trade receivables	1 198 306	2 591 678
Deposits	288 560	277 702
Staff loans	950	-
	1 487 816	2 869 380

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

NOTES TO THE FINANCIAL STATEMENTS

	2017 R	2016 R
6. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Petty Cash	630	812
Bank balances	152 173	182 713
Short-term deposits	5 323 768	3 083 796
	5 476 571	3 267 321

7. CAPITAL DEVELOPMENT FUND: EXPENDITURE

	2017		2016	
	Assets	Equity	Assets	Equity
Security gate motor	1 217	1 824	3 041	1 824
Projector	1 584	1 900	3 484	1 900
Bush cutter	5 898	10 282	6 681	9 902
Borehole	-	-	-	118 571
Gates - Security/ refuse/ Compost sites	9 250	6 166	15 416	3 083
Trailer	14 079	4 332	18 411	3 249
Kiosk assets	12 460	(733)	11 727	5 863
Kiosk expense	-	-	-	88 886
Croydon Wine Company (Pty) Ltd loan	273 310	-	206 502	-
Landscaping and design; lights and plugs	-	66 095	-	-
Borehole and pump	60 372	1 267	-	-
Lifestyle centre upgrades	85 373	-	-	-
Wine machinery	18 594	1 527	-	-
Office additions	16 577	613	-	-
	498 714	93 273	265 262	233 278

Interest on the Croydon Wine Company (Pty) Ltd loan is recognised directly in retained earnings.

8. CAPITAL DEVELOPMENT FUND: RECOVERIES

Administration	5 055	6 951
Electricity	35 492	25 204
Landscaping	71 218	57 396
Building & equipment	42 809	4 044
Vineyard	3 457	4 550
Double levies	564 040	644 734
Penalty levies	17 120	976 840
	739 191	1 719 719

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

NOTES TO THE FINANCIAL STATEMENTS

	2017 R	2016 R
9. FINANCE LEASE LIABILITIES		
Minimum lease payments which fall due		
- within one year	120 110	120 110
- in second to fifth year inclusive	190 175	310 286
	<u>310 285</u>	<u>430 396</u>
Less: future finance charges	(86 426)	(152 922)
Present value of minimum lease payments	<u>223 859</u>	<u>277 474</u>
Non-current liabilities	150 820	221 084
Current liabilities	73 039	56 390
	<u>223 859</u>	<u>277 474</u>

It is homeowners association policy to lease certain computer equipment under finance leases.

Interest rates are fixed at the contract date. All leases have fixed repayments and include a purchase option. There are no restrictions imposed by the leases.

The homeowners association's obligations under finance leases are secured by the leased assets. Refer note 2.

10. DEFERRED GAIN

Other financial assets	569 341	569 341
	<u>569 341</u>	<u>569 341</u>

Refer to note 3, loan ceded by developer.

11. TRADE AND OTHER PAYABLES

Deposits	334 963	260 020
Income received in advance	-	6 000
Levies received in advance	327 289	293 539
Other payables	-	19 708
South African Revenue Services - Payroll related	1 236	4 538
Trade payables	621 572	886 975
	<u>1 285 060</u>	<u>1 470 780</u>

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

NOTES TO THE FINANCIAL STATEMENTS

	2017 R	2016 R
12. REVENUE		
Rendering of services - Water, electricity and sewerage	3 529 560	4 127 834
Levy income	5 786 958	5 458 740
Additional levy income	564 040	644 734
Penalty levy	17 120	976 840
Special levy	-	2 166 592
Building operation income	255 332	224 964
Grape sales	318 587	228 003
Legal fees recovered	20 293	4 758
Other recoveries	81 065	62 790
	10 572 955	13 895 255
13. OTHER INCOME		
Discount received	257	-
Expense recoveries	273 672	-
Gains on disposal of assets	-	1 665
Rental income	129 600	120 000
Sundry income	24 208	-
	427 737	121 665
14. OPERATING SURPLUS		
Operating surplus for the year is stated after accounting for the following:		
Gains on disposal of assets	-	1 665
Depreciation on property, plant and equipment	404 722	109 229
Employee costs	2 123 794	2 154 554
15. INVESTMENT REVENUE		
Interest revenue		
Bank	253 414	180 613
Other financial assets	21 299	39 043
South African Revenue Service	-	19 500
Other receivables	10 857	-
Trade receivables	29 817	190 064
	315 387	429 220
16. FINANCE COSTS		
Trade payables	1 019	1
Bank overdraft	47	-
Finance lease	57 398	76 074
South African Revenue Service	409	401
	58 873	76 476

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

NOTES TO THE FINANCIAL STATEMENTS

	2017 R	2016 R
17. TAXATION		
Major components of the tax expense		
Current		
Local income tax - current period	369 328	107 948
Local income tax - recognised in current tax for prior periods	33 295	(104 333)
	402 623	3 615
Deferred		
(Originating)/Reversing temporary differences on tangible fixed assets	15 574	(3 773)
Reversing/(Originating) temporary differences on provision for doubtful debts	7 397	(7 397)
(Reversing)/Originating temporary differences on prepaid expenses	(56 708)	56 708
Reversing/(Originating) temporary differences on income received in advance	1 680	(1 680)
Originating temporary differences on accrued expenses	(20 948)	-
	(53 005)	43 858
	349 618	47 473
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting surplus	347 882	3 293 262
Tax at the applicable tax rate of 28% (2016: 28%)	97 407	922 114
Tax effect of adjustments on taxable income		
Expenses subject to the income tax act section 10(1)(e)(i)	1 724 974	1 831 724
Income subject to the income tax act section 10(1)(e)(i)	(1 783 073)	(2 589 134)
Exemption subject to income tax act section 10(1)(e)(ii)	(14 000)	(14 000)
Non-deductible expenses	352 526	-
Non-taxable interest	114	112
Non-deductible penalties	2 259	990
Non-taxable recoupment of expenses	(67 402)	-
Prior period adjustment	33 295	(104 333)
Prior period deferred tax adjustment	3 518	-
	349 618	47 473

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

NOTES TO THE FINANCIAL STATEMENTS

	2017 R	2016 R
18. CASH GENERATED FROM OPERATIONS		
Surplus before taxation	347 882	3 293 262
Adjustments for:		
Depreciation and amortisation	404 722	109 229
Surplus on sale of assets	-	(1 665)
Interest received	(315 387)	(429 220)
Finance costs	58 873	76 476
Changes in working capital:		
Trade and other receivables	1 381 565	(1 893 715)
Trade and other payables	(185 721)	206 867
	1 691 934	1 361 234

19. RELATED PARTIES

Relationships

Entities under control of key management Croydon Wine Company (Pty) Ltd

Related party balances and transactions with entities over which the body corporate has control, joint control or significant influence

Related party balances

Loan accounts - Owing (to) by related parties

Entities under control of key management 859 461 1 572 173

Amounts included in Trade receivable regarding related parties

Entities under control of key management 751 293 -

Related party transactions

Purchases from (sales to) related parties

Entities under control of key management 539 447 500 520
 Entities under control of key management (354 587) (247 515)

Rent paid to (received from) related parties

Entities under control of key management (129 600) (120 000)

Interest paid to (received from) related parties

Entities under control of key management (21 299) (37 135)

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

NOTES TO THE FINANCIAL STATEMENTS

	2017	2016
	R	R

20. PRIOR PERIOD ERRORS

At the end of the development period Croydon Vineyards Estate Homeowners Association received the investment in Croydon Wine Company (Pty) Ltd, consisting of the shares and outstanding loan. The shares were transferred on 1 June 2014, but not the loan amount. The loan amount is restated for the 2016 financial year with a prior period error.

The correction of the error results in adjustments as follows:

Statement of financial position

Deferred income	-	(569 341)
Other financial assets	-	569 341

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

	2017 R	2016 R
Revenue		
Rendering of services - Water, electricity and sewerage	3 529 560	4 127 834
Levy income	5 786 958	5 458 740
Additional levy income	564 040	644 734
Penalty levies	17 120	976 840
Special levy	-	2 166 592
Building operation income	255 332	224 964
Grape sales	318 587	228 003
Legal fees recovered	20 293	4 758
Other recoveries	81 065	62 790
	10 572 955	13 895 255
Other income		
Discount received	257	-
Expense recoveries	273 672	-
Gains on disposal of assets	-	1 665
Interest received	315 387	429 220
Rental income	129 600	120 000
Sundry income	24 208	-
	743 124	550 885
Expenses (Refer to page 27)	(10 909 324)	(11 076 402)
Operating surplus	406 755	3 369 738
Finance costs	(58 873)	(76 476)
Surplus before taxation	347 882	3 293 262
Taxation	(349 618)	(47 473)
(Deficit) surplus for the year	(1 736)	3 245 789

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

	2017 R	2016 R
Operating expenses		
Administration	210 920	233 772
Bad debts	28 764	-
Building and equipment	238 845	174 389
Building operations	262 868	326 469
Depreciation, amortisation and impairments	404 722	109 229
Electricity and water	3 686 761	4 527 276
Employee costs	2 123 794	2 154 554
Finance	450 978	284 144
Fines and penalties	8 067	3 537
Landscaping	443 253	338 492
Levy fines and penalties and other sundry income reversed	638 218	-
Management fees - Accounting	-	137 779
Management fees - Vineyard	150 000	120 000
Pool and gym	84 409	80 594
Provision for bad debts	(35 223)	35 223
Reserve fund expenses	66 095	578 371
Security	1 472 149	1 404 800
Vineyard expenses	135 257	67 253
Wine purchases	539 447	500 520
	10 909 324	11 076 402

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

TAX COMPUTATION

	2017 R
Net profit per income statement	347 882
NON-DEDUCTIBLE AND NON-TAXABLE ITEMS	
Income subject to the income tax act section 10(1)(e)(i)	(6 368 118)
Expense subject to the income tax act section 10(1)(e)(i)	6 160 622
Exemption subject to the income tax act section 10(1)(e)(ii)	(50 000)
Prior year penalties non-deductible	542 400
Non-deductible expenses	409 847
Recovery developer expenses	(240 719)
SARS interest	409
Penalties	8 067
Depreciation	306 775
	769 283
TEMPORARY DIFFERENCES	
Amounts previously taxed as received in advance	(6 000)
Accrued expenses	74 814
Depreciation according to financial statements	97 947
Wear and tear allowance	(141 009)
Prepaid expenditure 2016	202 528
Provision for doubtful debt not deductible in current year	(35 223)
Provision for doubtful debt - s11(j) allowance current year	8 806
	201 863
Taxable income for 2017	1 319 028
Tax thereon @ 28% in the Rand	369 328
RECONCILIATION OF TAX BALANCE	
Amount owing/(prepaid) at the beginning of year	(76 494)
SARS interest and penalties	7 832
Amount refunded/(paid) in respect of prior year	33 295
Amount owing/(prepaid) in respect of prior year	(35 367)
TAX OWING/(PREPAID) FOR THE CURRENT YEAR:	
NORMAL TAX	
Per calculation	369 328
1st provisional payment	(74 234)
2nd provisional payment	(103 944)
	191 150
Amount owing/(prepaid) at the end of year	155 783