

CROYDON WINE COMPANY (PTY) LTD
(REGISTRATION NUMBER 2003/014749/07)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2017

These financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008.

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Production of wine
DIRECTORS	C Graham NJ Grobler MH Neethling F Naude J van Schalkwyk
REGISTERED OFFICE	Unit 1 Croydon Vineyard Estate Croydon SOMERSET WEST 7130
LOCATION OF COMPANY RECORDS	Ground Floor Acorn House Old Oak Office Park Cnr of Old Oak and Durban Road BELLVILLE 7530
POSTAL ADDRESS	Unit 1 Croydon Vineyard Estate, Croydon SOMERSET WEST 7130
BANKERS	Nedbank
AUDITORS	Exceed (Cape Town) Inc. Chartered Accountants (S.A.) Registered Auditor
COMPANY REGISTRATION NUMBER	2003/014749/07
LEVEL OF ASSURANCE	These financial statements have been audited in compliance with the applicable requirements of the Companies Act, 71 of 2008.
PREPARER	The financial statements were independently compiled by: GA van Rhyn CA (S.A.)
PUBLISHED	_____

CROYDON WINE COMPANY (PTY) LTD

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

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF CROYDON WINE COMPANY (PTY) LTD

Opinion

We have audited the Financial Statements of Croydon Wine Company (Pty) Ltd set out on pages 8 to 21, 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 Wine Company (Pty) Ltd 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 Companies Act, 71 of 2008.

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

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, 71 of 2008 and other 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 directors for the Financial Statements

The directors 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 Companies Act, 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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

DATE

CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

DIRECTORS' RESPONSIBILITIES AND APPROVAL

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 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 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 International Financial Reporting Standards for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors 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 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 May 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 auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on page 3.

The financial statements set out on pages 6 to 21, which have been prepared on the going concern basis, were approved by the directors on _____ and were signed on their behalf by:

C GRAHAM

MH NEETHLING

CROYDON WINE COMPANY (PTY) LTD

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the financial statements of Croydon Wine Company (Pty) Ltd and its associates for the year ended 31 May 2017.

1. NATURE OF BUSINESS

Croydon Wine Company (Pty) Ltd was incorporated in South Africa with interests in the wine industry. The company operates in South Africa.

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

2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The 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, 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

3. SHARE CAPITAL

	2017	2016
Authorised		
Ordinary shares	Number of shares	
	205	1 000

Refer to note 8 of the financial statements for detail of the movement in authorised and issued share capital.

4. DIVIDENDS

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the directors may pass on the payment of dividends.

Given the current state of the global economic environment, the directors believes that it would be more appropriate for the company to conserve cash and maintain adequate debt headroom to ensure that the company is best placed to withstand any prolonged adverse economic conditions. Therefore the directors has resolved not to declare a dividend for the financial year ended 31 May 2017.

5. DIRECTORS

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

Name	Change	Date
C Graham	Appointed	01/11/2017
NJ Grobler		
MH Neethling		
F Naude	Appointed	01/06/2017
J van Schalkwyk	Appointed	01/06/2017
LM Petra	Resigned	31/10/2017
JT Gerber	Resigned	31/05/2017

6. PROPERTY, PLANT AND EQUIPMENT

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

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DIRECTORS' REPORT

7. HOLDING ENTITY

The company's holding entity is Croydon Vineyard Estate Homeowners Association which holds 100% (2016 100%) of the company's equity. Croydon Vineyard Estate Homeowners Association is incorporated in RSA.

8. 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.

9. GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the 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.

10. SECRETARY

The company had no secretary during the year.

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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	244 819	221 197
Deferred tax	3	-	130 467
		244 819	351 664
Current Assets			
Other financial assets	4	-	19 604
Inventories	5	1 466 317	794 315
Trade and other receivables	6	299 885	224 962
Cash and cash equivalents	7	165 410	54 225
Current tax receivable		-	14 762
		1 931 612	1 107 868
Total Assets		2 176 431	1 459 532
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	100	100
Retained income		171 002	(220 074)
		171 102	(219 974)
LIABILITIES			
Non-Current Liabilities			
Loans from shareholders	9	859 361	1 572 073
Current Liabilities			
Trade and other payables	10	1 133 270	107 433
Current tax payable		12 698	-
		1 145 968	107 433
Total Liabilities		2 005 329	1 679 506
Total Equity and Liabilities		2 176 431	1 459 532

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2017 R	2016 R
Revenue	11	2 862 098	2 764 996
Cost of sales	12	(1 706 559)	(2 268 483)
Gross profit		1 155 539	496 513
Other income	13	521 834	165 810
Operating expenses		(1 092 048)	(567 170)
Operating profit	14	585 325	95 153
Investment revenue	15	-	3 452
Finance costs	16	(36 322)	(37 194)
Profit before taxation		549 003	61 411
Taxation	17	(157 927)	(17 289)
Profit for the year		391 076	44 122
Other comprehensive income		-	-
Total comprehensive income for the year		391 076	44 122

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained income	Total equity
	R	R	R
Balance at 01 June 2015	100	(264 196)	(264 096)
Profit for the year	-	44 122	44 122
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	44 122	44 122
Balance at 01 June 2016	100	(220 074)	(219 974)
Profit for the year	-	391 076	391 076
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	391 076	391 076
Balance at 31 May 2017	100	171 002	171 102

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STATEMENT OF CASH FLOWS

	Notes	2017 R	2016 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		3 309 008	2 927 743
Cash paid to suppliers and employees		(2 366 742)	(3 239 628)
Cash generated from (used in) operations	18	942 266	(311 885)
Interest income		-	3 452
Finance costs		(36 322)	(37 195)
Tax received		-	43 243
Net cash from operating activities		905 944	(302 385)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(101 651)	(244 166)
Other financial assets repaid / (granted)		19 604	(19 604)
Net cash from investing activities		(82 047)	(263 770)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from other financial liabilities		-	(569 341)
(Payment of)/ Proceeds from shareholder's loan		(712 712)	1 150 625
Net cash from financing activities		(712 712)	581 284
Total cash movement for the year		111 185	15 129
Cash at the beginning of the year		54 225	39 096
Total cash at end of the year	7	165 410	54 225

CROYDON WINE COMPANY (PTY) LTD

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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 International Financial Reporting Standards for Small and Medium-sized Entities, and the Companies Act, 71 of 2008. 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 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date. During the current year, the directors determined that no changing circumstances occurred.

Residual values of property, plant and equipment

The directors review the estimated residual values of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date. During the current year there had been no change to estimated residual values of property, plant and equipment.

1.2 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 includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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
Furniture and fixtures	5 years
Wine barrels and machinery	5 years
Refrigeration plant	6 years
Computer software	2 years
Computer hardware	3 years
Wine tank	5 years

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.

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ACCOUNTING POLICIES

1.2 PROPERTY, PLANT AND EQUIPMENT (continued)

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

1.3 FINANCIAL INSTRUMENTS

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include 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.

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.

1.4 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.

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.

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ACCOUNTING POLICIES

1.4 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.

1.5 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 for bottled wine and weighted average cost basis for bulk wine and consumables.

1.6 IMPAIRMENT OF ASSETS

The company 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 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.

1.7 SHARE CAPITAL AND EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.8 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 sales taxes and discounts.

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

1.9 BORROWING COSTS

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

1.10 FOREIGN EXCHANGE

Foreign currency transactions

Exchange differences arising on monetary items are recognised in profit or loss in the period in which they arise.

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NOTES TO THE FINANCIAL STATEMENTS

	2017	2016
	R	R

2. PROPERTY, PLANT AND EQUIPMENT

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	29 105	(24 936)	4 169	29 105	(23 716)	5 389
Computer hardware	9 219	(9 217)	2	9 219	(7 938)	1 281
Computer software	18 837	(18 835)	2	21 109	(11 689)	9 420
Refrigeration plant	131 356	(87 590)	43 766	131 356	(71 235)	60 121
Wine tank	48 000	(5 600)	42 400	-	-	-
Wine barrels and machinery	293 420	(138 940)	154 480	239 770	(94 784)	144 986
Total	529 937	(285 118)	244 819	430 559	(209 362)	221 197

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	5 389	-	-	(1 220)	4 169
Computer hardware	1 281	-	-	(1 279)	2
Computer software	9 420	-	(1)	(9 417)	2
Refrigeration plant	60 121	-	-	(16 355)	43 766
Wine tank	-	48 000	-	(5 600)	42 400
Wine barrels and machinery	144 986	53 651	-	(44 157)	154 480
	221 197	101 651	(1)	(78 028)	244 819

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	1	6 100	(712)	5 389
Computer hardware	4 354	-	(3 073)	1 281
Computer software	1 136	18 838	(10 554)	9 420
Refrigeration plant	19 634	56 142	(15 655)	60 121
Wine barrels and machinery	9 109	163 086	(27 209)	144 986
	34 234	244 166	(57 203)	221 197

Registers with details of property, plant and equipment are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

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NOTES TO THE FINANCIAL STATEMENTS

	2017 R	2016 R
3. DEFERRED TAX		
Deferred tax asset		
Tax losses available for set off against future taxable income	-	130 467
Reconciliation of deferred tax asset		
At beginning of year	130 467	147 756
Decrease in tax losses available for set off against future taxable income	(130 467)	(17 289)
	-	130 467
4. OTHER FINANCIAL ASSETS		
At amortised cost		
Short term loan	-	19 604
The loan was settled during the year.		
Current assets		
At amortised cost	-	19 604
5. INVENTORIES		
Bulk wine	531 735	486 153
Bottled wine	319 629	308 162
Production supplies	614 953	-
	1 466 317	794 315
6. TRADE AND OTHER RECEIVABLES		
Trade receivables	274 147	140 743
POS cash control	13 844	13 668
South African Revenue Services - VAT	11 894	70 551
	299 885	224 962
7. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	1 015	38
Bank balances	164 395	54 187
	165 410	54 225

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NOTES TO THE FINANCIAL STATEMENTS

	2017 R	2016 R
8. SHARE CAPITAL		
Authorised		
205 Ordinary shares of no par value	-	-
Issued		
100 Ordinary shares of no par value	100	100
9. LOANS FROM SHAREHOLDERS		
Croydon Vineyard Estate Homeowners Association		
- Working capital on behalf of the developer The loan was settled during the year.	-	(384 281)
- Working capital - other The loan bears no interest.	7 443	(191 582)
- Grape purchases The loan was settled during the year.	-	(217 513)
- Assets purchased Funds were received from the capital development fund from Croydon Vineyard Estate Homeowners Association. 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)
	(859 361)	(1 572 073)
Repayments are expected as and when funds are available.		
10. TRADE AND OTHER PAYABLES		
Trade payables	1 096 428	105 934
Accruals	34 842	-
Deposits received	2 000	-
South African Revenue Services - PAYE, UIF & SDL	-	335
Sundry suppliers	-	1 164
	1 133 270	107 433
11. REVENUE		
Wine sales	2 478 779	2 428 393
Lifestyle Centre revenue	383 319	336 603
	2 862 098	2 764 996

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

NOTES TO THE FINANCIAL STATEMENTS

	2017 R	2016 R
12. COST OF SALES		
Sale of goods		
Cost of goods sold	1 329 841	2 009 483
Sale of goods		
Lifestyle Centre cost of sales	376 718	259 000
	1 706 559	2 268 483
13. OTHER INCOME		
Expenses recovered	384 281	-
Function income	57 503	98 691
Winemaking services	47 486	16 355
Profit on exchange differences	3 538	-
Recoveries	11 400	-
Storage fees	17 626	50 764
	521 834	165 810
14. OPERATING PROFIT		
Operating profit for the year is stated after accounting for the following:		
Property, plant and equipment	(1)	-
Impairments	58	2 474
Depreciation on property, plant and equipment	78 028	57 203
Employee costs	279 761	-
15. INVESTMENT REVENUE		
Interest revenue		
Bank	-	846
South African Revenue Service	-	2 606
	-	3 452
16. FINANCE COSTS		
Shareholder's loan	21 299	37 135
Trade and other payables	-	16
South African Revenue Service	15 023	43
	36 322	37 194

CROYDON WINE COMPANY (PTY) LTD

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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	27 460	-
Deferred		
Decrease in tax losses available for set off against future taxable income	130 467	17 289
	157 927	17 289
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	549 003	61 411
Tax at the applicable tax rate of 28% (2016: 28%)	153 721	17 195
Tax effect of adjustments on taxable income		
Disallowable expenses	4 206	94
	157 927	17 289
18. CASH GENERATED FROM (USED IN) OPERATIONS		
Profit before taxation	549 003	61 411
Adjustments for:		
Depreciation and amortisation	78 028	57 203
Loss on sale of assets	1	-
Profit on foreign exchange	(3 538)	-
Interest received	-	(3 452)
Finance costs	36 322	37 195
Devaluation	58	2 474
Changes in working capital:		
Inventories	(672 060)	(37 851)
Trade and other receivables	(71 385)	(3 062)
Trade and other payables	1 025 837	(425 803)
	942 266	(311 885)

CROYDON WINE COMPANY (PTY) LTD

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

NOTES TO THE FINANCIAL STATEMENTS

	2017	2016
	R	R
19. RELATED PARTIES		
Relationships		
Shareholder		Croydon Vineyard Estate Homeowners Association
Members of key management		C Graham MH Neethling F Naude JT Gerber J van Schalkwyk
Related party balances		
Loan accounts - Owing to related parties		
Shareholder	(859 361)	(1 572 073)
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Shareholder	(751 293)	-
Related party transactions		
Interest paid to (received from) related parties		
Shareholders	21 299	37 135
Purchases from (sales to) related parties		
Shareholder	(1 068 041)	(439 053)
Shareholder	318 587	217 513
Management fees paid to related parties		
Member of key management	150 000	120 000
Rent paid to related parties		
Shareholder	129 600	120 000
Insurance paid to related parties		
Shareholder	36 000	29 712
Telephone expense paid to related parties		
Shareholder	477	462

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

NOTES TO THE FINANCIAL STATEMENTS

	2017	2016
	R	R

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Profit or Loss

Cost of sales	-	(39 292)
Operating expenses	-	39 292
Other income	-	(165 810)
Sales	-	165 810

21. 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

Other financial liabilities	-	569 341
Loans from shareholders	-	(569 341)

CROYDON WINE COMPANY (PTY) LTD

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

	2017 R	2016 R
REVENUE		
Wine sales	2 478 779	2 428 393
Lifestyle Centre revenue	383 319	336 603
	2 862 098	2 764 996
COST OF SALES	(1 706 559)	(2 268 483)
Gross profit	1 155 539	496 513
OTHER INCOME		
Storage income	17 626	50 764
Recoveries	11 400	-
Other winemaking services	47 486	16 355
Expenses recovered	384 281	-
Function income	57 503	98 691
Interest received	-	3 452
Profit and loss on exchange differences	3 538	-
	521 834	169 262
Expenses (Refer to page 23)	(1 092 048)	(567 170)
Operating profit	585 325	98 605
Finance costs	(36 322)	(37 194)
Profit before taxation	549 003	61 411
Taxation	(157 927)	(17 289)
Profit for the year	391 076	44 122

CROYDON WINE COMPANY (PTY) LTD

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

	2017 R	2016 R
OPERATING EXPENSES		
Accounting fees	(37 966)	(67 109)
Administration fees	(29 435)	(1 082)
Advertising	(163 769)	(21 421)
Auditor's remuneration	(58 105)	(42 950)
Bad debts	(4 408)	(1 618)
Bank charges	(18 007)	(18 347)
Cleaning	(2 784)	-
Commission paid	(241 785)	(117 197)
Computer expenses	-	(1 844)
Customs and excise duties	(136 444)	(50 352)
Depreciation, amortisation and impairments	(78 086)	(59 677)
Employee costs	(174 787)	-
Fines and penalties	-	(292)
Function expenses	(74 583)	(66 698)
General expenses	(3 553)	(2 487)
Insurance	(36 000)	(29 712)
Licences	(18 034)	(13 295)
Loss on scrapping of assets	(1)	-
Printing and stationery	(1 234)	(1 012)
Repairs and maintenance	-	(52 721)
Small assets	-	(8 355)
Staff welfare	(1 266)	-
Statutory levies	-	(1 620)
Telephone and fax	-	(462)
Training	(1 804)	(2 800)
Workmen's compensation	(9 997)	(6 119)
	(1 092 048)	(567 170)

CROYDON WINE COMPANY (PTY) LTD

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2017

TAX COMPUTATION

	2017 R
Net profit per income statement	549 003
PERMANENT DIFFERENCES (NON-DEDUCTIBLE/NON TAXABLE ITEMS)	
Interest, penalties paid in respect of taxes (s23(d))	15 023
TEMPORARY DIFFERENCES	
Accounting loss on disposal of fixed assets	1
Scrapping allowance (s11(o))	(1)
Depreciation according to financial statements	78 028
Wear and tear allowance (s11(e))	(78 028)
	-
Calculated tax profit for the year	564 026
Assessed loss brought forward	(465 953)
Taxable income for 2017	98 073
Tax thereon @ 28% in the Rand	27 460
RECONCILIATION OF TAX BALANCE	
Amount owing/(prepaid) at the beginning of year	(14 762)
Prior year adjustment	-
Amount refunded/(paid) in respect of prior year	-
TAX OWING/(PREPAID) FOR THE CURRENT YEAR:	
NORMAL TAX	
Per calculation	27 460
1st provisional payment	-
2nd provisional payment	-
Amount owing/(prepaid) at the end of year	12 698