

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018

These financial statements have been audited in compliance with the applicable requirements of the Constitution.

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

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 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 SOMERSET WEST 7130
AUDITORS	Exceed (Cape Town) Inc. Chartered Accountants (SA) Registered Auditor
LEVEL OF ASSURANCE	These financial statements have been audited in compliance with the applicable requirements of the Constitution.
PREPARER	The financial statements were independently compiled by: WF Smith CA (S.A.)
PUBLISHED	_____

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

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

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF TRUSTEES OF CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

Opinion - Association

We have audited the financial statements of Croydon Vineyard Estate Homeowners Association set out on pages 8 to 23, which comprise the statement of financial position as at 31 May 2018, and the statement of comprehensive income, statement of changes in reserves 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 2018, 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 Constitution.

Basis for opinion - Association

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.

Adverse opinion - Group

In our opinion, because of the significance of the matter discussed in the Basis for Adverse opinion paragraph, the financial statements do not present fairly, the financial position of Croydon Vineyard Estate Homeowners Association and its subsidiary as at 31 May 2018, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Basis for Adverse Opinion - Group

Section 9 of the International Financial Reporting Standard for Small and Medium-sized Entities: Consolidated and Separate Financial Statements, states that a parent shall present consolidated financial statements in which it consolidates its investments in its subsidiaries. In preparing consolidated financial statements an entity combines the financial statements of the parent and its subsidiaries line by line by adding together like items of assets, liabilities, equity, income and expenses. The association did not produce group financial statements, which in our view, is not in accordance with section 9 of the International Financial Reporting Standard for Small and Medium-sized Entities.

The particulars and effect of the departure from the International Financial Reporting Standard for Small and Medium-sized Entities have been omitted from the financial statements. We draw your attention to note 6 in the trustees' report which provides the reason for the departure from the International Financial Reporting Standard for Small and Medium-sized Entities.

The effect of the departure from the International Financial Reporting Standard for Small and Medium-sized Entities on the financial statements has not been determined.

Other information

The trustees are responsible for the other information. The other information comprises the Trustees' Report as required by the Constitution, 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 Constitution, 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 association'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 association 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 association'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 association'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 association 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.

EXCEED (CAPE TOWN) INC.
Chartered Accountants (SA)
Registered Auditor
Director: GA van Rhyn
BELLVILLE

DATE

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

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 judgments 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 2019 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 auditor and their report is presented on pages 3 to 5.

The financial statements set out on pages 7 to 23, 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 2018

TRUSTEES' REPORT

The trustees submit their report for the year ended 31 May 2018.

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 association 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 association 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
E Harris (Chairperson)	
F Keuzenkamp	
F Carstens	Resigned 22/02/2018
R Watson	
H Krouse	
N Sprenger	

6. NON-COMPLIANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARD FOR SMALL AND MEDIUM-SIZED ENTITIES

The association did not present consolidated financial statements in accordance with section 9 of the International Financial Reporting Standard for Small and medium-sized entities, due to undue costs.

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

STATEMENT OF FINANCIAL POSITION

	Notes	2018 R	2017 R
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	1 698 635	1 846 598
Other financial assets	3	984 475	859 461
		2 683 110	2 706 059
Current Assets			
Trade and other receivables	4	1 732 507	1 487 821
Current tax receivable		164 950	-
Cash and cash equivalents	5	4 741 904	5 476 571
		6 639 361	6 964 392
Total Assets		9 322 471	9 670 451
EQUITY AND LIABILITIES			
OWNER'S FUNDS AND RESERVES			
Other reserves		-	5 848 938
Accumulated surplus	6	7 601 566	1 585 272
		7 601 566	7 434 210
LIABILITIES			
Non-Current Liabilities			
Finance lease liabilities	7	58 590	150 820
Deferred gain	8	569 341	569 341
Deferred tax	9	20 505	2 199
		648 436	722 360
Current Liabilities			
Trade and other payables	10	986 453	1 285 060
Finance lease liabilities	7	86 016	73 039
Current tax payable		-	155 782
		1 072 469	1 513 881
Total Liabilities		1 720 905	2 236 241
Total Equity and Liabilities		9 322 471	9 670 451

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2018 R	2017 R
Revenue	11	10 553 884	10 552 662
Other income	12	606 561	484 030
Operating expenses		(11 162 981)	(10 945 324)
Operating (deficit) surplus	13	(2 536)	91 368
Investment revenue	14	427 443	315 387
Finance costs	15	(51 051)	(58 873)
Surplus before taxation		373 856	347 882
Taxation	16	(206 500)	(349 618)
Surplus (deficit) for the year		167 356	(1 736)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		167 356	(1 736)

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

STATEMENT OF CHANGES IN RESERVES

	Capital development fund R	Special levy fund R	Total reserves R	Accumulated surplus R	Total equity R
Balance at 01 June 2016	4 944 377	278 593	5 222 970	2 212 976	7 435 946
Deficit for the year	-	-	-	(1 736)	(1 736)
Capital expenditure from fund	(93 273)	(19 950)	(113 223)	113 223	-
Recoveries of capital expenditure	739 191	-	739 191	(739 191)	-
Balance at 01 June 2017	5 590 295	258 643	5 848 938	1 585 272	7 434 210
Surplus for the year	-	-	-	167 356	167 356
Transfer from capital development fund	(5 590 295)	-	(5 590 295)	5 590 295	-
Transfer from special levy fund	-	(258 643)	(258 643)	258 643	-
Total changes	(5 590 295)	(258 643)	(5 848 938)	5 848 938	-
Balance at 31 May 2018	-	-	-	7 601 566	7 601 566

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

STATEMENT OF CASH FLOWS

	Notes	2018 R	2017 R
Cash flows from operating activities			
Cash receipts from customers		10 915 758	11 954 517
Cash paid to suppliers and employees		(10 992 585)	(10 262 582)
Cash (used in) generated from operations	17	(76 827)	1 691 935
Interest income		427 443	315 387
Finance costs		(51 051)	(58 873)
Tax paid		(508 926)	(170 347)
Net cash from operating activities		(209 361)	1 778 102
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(321 039)	(271 858)
Loans (advanced to)/repaid by related parties		(125 014)	712 712
Loans repaid		-	43 909
Net cash from investing activities		(446 053)	484 763
Cash flows from financing activities			
Finance lease (payments)/receipts		(79 253)	(53 615)
Total cash movement for the year		(734 667)	2 209 250
Cash at the beginning of the year		5 476 571	3 267 321
Total cash at end of the year	5	4 741 904	5 476 571

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

ACCOUNTING POLICIES

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Consitution. 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

Critical judgements in applying accounting policies

Management are required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The body corporate 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 trustees determined that no changing circumstances occurred.

Residual values of property, plant and equipment

The body corporate reviews 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, the trustees determined that no changing circumstances occurred.

Taxation

Significant estimates are made to determine both current and deferred tax liabilities/ assets. The company must determine the possibility that deferred tax assets will be utilised and offset against future taxable profits. The actual results may differ from these estimates, for instance due to changes in business climate, changed tax legislation, or the outcome of the final review by the tax authorities and tax courts of tax returns.

1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets which the association holds for its own use or for rental to others and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the association, and the cost of the item can be measured reliably.

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

Cost includes 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 of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the body corporate.

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

ACCOUNTING POLICIES

1.2 PROPERTY, PLANT AND EQUIPMENT (continued)

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of 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	2 - 6 years
Computer equipment	3 - 15 years
Gymnasium equipment	10 years
Other fixed assets	3 years
Security system	5 years

Where 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 the components and they are depreciated separately over each component's 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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

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 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 without undue cost or effort are measured at cost less impairment.

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

ACCOUNTING POLICIES

1.4 TAX

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits.

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

Deferred tax asset balances are reviewed at every reporting date.

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.

1.5 LEASES

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

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.

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

ACCOUNTING POLICIES

1.6 IMPAIRMENT OF ASSETS

The association 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.

1.7 EMPLOYEE BENEFITS

Short-term employee benefits

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

1.8 REVENUE

Levies and recoveries are recognised as revenue once owners are invoiced. Ordinary levies are invoiced monthly, based on the proportional amount as per the approved budget. Other recoveries are recognised as and when due by the owners. When the inflow of cash and cash equivalents is deferred, the fair value of the consideration receivable is the present value of all future receipts using the imputed rate of interest.

Levies have been accounted for on the accrual basis and therefore includes outstanding amounts owing by the owners.

Interest is recognised, in surplus or deficit, 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.

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTES TO THE FINANCIAL STATEMENTS

	2018 R	2017 R
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2. PROPERTY, PLANT AND EQUIPMENT

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings and equipment	116 089	(35 265)	80 824	86 912	(1 274)	85 638
Furniture and fittings	81 040	(43 153)	37 887	81 040	(24 879)	56 161
Motor vehicles	269 835	(47 728)	222 107	91 035	(40 956)	50 079
Office equipment	13 305	(13 305)	-	13 305	(13 305)	-
Computer equipment	381 995	(189 359)	192 636	373 301	(144 534)	228 767
Borehole	61 639	(7 430)	54 209	61 639	(1 267)	60 372
Other fixed assets	186 089	(109 023)	77 066	137 526	(74 224)	63 302
Gymnasium equipment	104 464	(45 320)	59 144	104 464	(34 874)	69 590
Security system	1 607 827	(633 065)	974 762	1 552 022	(319 333)	1 232 689
Total	2 822 283	(1 123 648)	1 698 635	2 501 244	(654 646)	1 846 598

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Closing balance
Buildings and equipment	85 638	29 177	(33 991)	80 824
Furniture and fittings	56 161	-	(18 274)	37 887
Motor vehicles	50 079	178 800	(6 772)	222 107
Office equipment	-	-	-	-
Computer equipment	228 767	8 694	(44 825)	192 636
Borehole	60 372	-	(6 163)	54 209
Other fixed assets	63 302	48 563	(34 799)	77 066
Gymnasium equipment	69 590	-	(10 446)	59 144
Security system	1 232 689	55 805	(313 732)	974 762
	1 846 598	321 039	(469 002)	1 698 635

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Closing balance
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

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTES TO THE FINANCIAL STATEMENTS

	2018 R	2017 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 7:		
Computer equipment	185 924	228 767

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTES TO THE FINANCIAL STATEMENTS

	2018 R	2017 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 - other	-	(7 443)
The loan bears no interest and was settled during the current year.		
- Assets purchases	415 034	297 463
Funds were advanced from the capital development fund to Croydon Wine Company (Pty) Ltd. The loan bears no interest.		
- Loan ceded by developer	569 341	569 341
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.		
	984 375	859 361
Total other financial assets	984 475	859 461
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.		
Non-current assets		
Equity Instruments at cost	100	100
At amortised cost	984 375	859 361
	984 475	859 461
4. TRADE AND OTHER RECEIVABLES		
Trade receivables	1 417 619	1 198 311
Deposits	306 708	288 560
Sundry debtors	8 180	950
	1 732 507	1 487 821
5. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Petty Cash	852	630
Bank balances	200 078	152 173
Short-term deposits	4 540 974	5 323 768
	4 741 904	5 476 571

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTES TO THE FINANCIAL STATEMENTS

	2018		2017	
	Assets	Equity	Assets	Equity
Security gate motor	-	1 215	1 217	1 824
Projector	-	1 583	1 584	1 900
Bush cutter	380	5 517	5 898	10 282
Gates	3 083	6 166	9 250	6 166
Trailer	9 747	4 332	14 079	4 332
Kiosk assets	9 528	2 932	12 460	(733)
Croydon Wine Company (Pty) Ltd loan	415 034	-	273 310	-
Landscaping and design, lights and plugs	-	410 459	-	66 095
Borehole and pump	54 208	6 164	60 372	1 267
Lifestyle centre upgrades	80 824	169 755	85 373	-
Wine machinery	15 039	3 555	18 594	1 527
Office additions	6 712	2 664	16 577	613
Water Crisis	-	114 103	-	-
Motor vehicle	176 360	13 607	-	-
Airconditioner	-	11 374	-	-
Security system	52 478	3 327	-	-
Water pump, tanks, flow bin	16 698	2 464	-	-
Wooden gates	23 683	5 717	-	-
	863 774	764 934	498 714	93 273

An amount of R897 839 was recovered for development fund purposes.

7. FINANCE LEASE LIABILITIES

Minimum lease payments which fall due

- within one year	120 110	120 110
- in second to fifth year inclusive	60 055	190 175
	180 165	310 285
Less: future finance charges	(35 559)	(86 426)
	144 606	223 859

Non-current liabilities	58 590	150 820
Current liabilities	86 016	73 039
	144 606	223 859

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.

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTES TO THE FINANCIAL STATEMENTS

	2018 R	2017 R
8. DEFERRED GAIN		
Loan from developer acquired at the end of the development period.	569 341	569 341
Refer to note 3.		
9. DEFERRED TAX		
Deferred tax liability	(25 968)	(23 147)
Deferred tax asset	5 463	20 948
Total net deferred tax liability	(20 505)	(2 199)
The major components of the deferred tax balance are as follows:		
Deferred tax liability		
Arising as a result of temporary differences on:		
Capital allowance for tax purposes on fixed assets	(25 968)	(23 147)
Deferred tax asset		
Arising as a result of temporary differences on:		
Temporary difference on income received in advance	5 463	-
Temporary difference on accrued expenses	-	20 948
Total deferred tax asset	5 463	20 948
Reconciliation of deferred tax asset/(liability)		
At beginning of year	(2 199)	(55 204)
Recognised in surplus or deficit:		
Originating temporary differences on tangible fixed assets	(2 821)	(15 574)
Reversing temporary difference on prepaid expenses	-	56 708
Originating/(Reversing) temporary differences on income received in advance	5 463	(1 680)
Reversing temporary difference on provision for doubtful debts	-	(7 397)
(Reversing)/Originating temporary difference on accrued expenses	(20 948)	20 948
	(18 306)	53 005
At end of year	(20 505)	(2 199)
10. TRADE AND OTHER PAYABLES		
Trade payables	450 188	621 572
Deposits - Erf	105 443	334 963
Deposits - Functions	10 700	-
Income received in advance - Functions	19 511	-
Levies received in advance	339 186	327 289
South African Revenue Services - Payroll related	61 425	1 236
	986 453	1 285 060

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTES TO THE FINANCIAL STATEMENTS

	2018 R	2017 R
11. REVENUE		
Rendering of services - Water and electricity	3 037 944	3 529 560
Levy income	6 300 590	5 786 958
Additional levy income	505 515	564 040
Penalty levy	37 725	17 120
Building operation income	257 490	255 332
Grape sales	332 565	318 587
Other recoveries	82 055	81 065
	10 553 884	10 552 662
12. OTHER INCOME		
Borehole water	117 150	-
Discount received	-	257
Functions	83 465	-
Olive oil sales	19 400	-
Expense recoveries	239 828	329 965
Rental income	139 968	129 600
Sundry income	6 750	24 208
	606 561	484 030
13. OPERATING (DEFICIT) SURPLUS		
Operating surplus for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	469 002	404 722
Employee costs	2 312 785	2 123 794
14. INVESTMENT REVENUE		
Interest revenue		
Bank	354 599	253 414
Other financial assets	-	21 299
Other receivables	18 148	10 857
Trade receivables	54 696	29 817
	427 443	315 387
15. FINANCE COSTS		
Bank overdraft	-	47
Finance lease	50 867	57 398
South African Revenue Service	175	409
Trade payables	9	1 019
	51 051	58 873

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTES TO THE FINANCIAL STATEMENTS

	2018 R	2017 R
16. TAXATION		
Major components of the tax expense		
Current taxation		
Local income tax - current period	188 194	369 328
Local income tax - recognised in current tax for prior periods	-	33 295
	188 194	402 623
Deferred taxation		
Reversing temporary difference on tangible fixed assets	2 821	15 574
Reversing temporary difference on provision for doubtful debts	-	7 397
Reversing temporary difference on prepaid expenses	-	(56 708)
(Originating)/Reversing temporary difference on income received in advance	(5 463)	1 680
Reversing/(Originating) temporary difference on accrued expenses	20 948	(20 948)
	18 306	(53 005)
	206 500	349 618
Reconciliation of the tax expense		
Reconciliation between accounting surplus and tax expense.		
Accounting surplus	373 856	347 882
Tax at the applicable tax rate of 28% (2017: 28%)	104 680	97 407
Tax effect of adjustments on taxable income		
Exempt income		
Income subject to the income tax act section 10(1)(e)(i)	(1 916 272)	(1 783 073)
Expenses subject to the income tax act section 10(1)(e)(i)	1 728 844	1 724 974
Exemption subject to income tax act section 10(1)(e)(ii)	(14 000)	(14 000)
Non-deductible expenses	302 525	352 526
Non-deductible interest	49	114
Non-deductible penalties	674	2 259
Non-taxable recoupment of expenses	-	(67 402)
Prior period adjustment	-	33 295
Prior period deferred tax adjustment	-	3 518
	206 500	349 618

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

NOTES TO THE FINANCIAL STATEMENTS

	2018 R	2017 R
17. CASH (USED IN) GENERATED FROM OPERATIONS		
Surplus before taxation	373 856	347 882
Adjustments for:		
Depreciation and amortisation	469 002	404 722
Interest received	(427 443)	(315 387)
Finance costs	51 051	58 873
Changes in working capital:		
Trade and other receivables	(244 686)	1 381 565
Trade and other payables	(298 607)	(185 720)
	(76 827)	1 691 935

18. RELATED PARTIES

Relationships

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

Related party balances

Loan accounts - Owing (to) by related parties

Entities under control of key management 984 375 859 461

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

Entities under control of key management 836 698 751 293

Related party transactions

Purchases from (sales to) related parties

Entities under control of key management 990 150 539 447

Entities under control of key management (367 800) (354 587)

Rent paid to (received from) related parties

Entities under control of key management (139 968) (129 600)

Interest paid to (received from) related parties

Entities under control of key management - (21 299)

19. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Statement of comprehensive income:

Revenue	-	(20 293)
Other income	-	56 293
Operating expenses	-	(36 000)

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

	2018 R	2017 R
Revenue		
Rendering of services - Water, electricity and sewerage	3 037 944	3 529 560
Levy income	6 300 590	5 786 958
Additional levy income	505 515	564 040
Penalty levies	37 725	17 120
Building operation income	257 490	255 332
Grape sales	332 565	318 587
Other recoveries	82 055	81 065
	10 553 884	10 552 662
Other income		
Discount received	-	257
Expense recoveries	239 828	329 965
Fees earned	117 150	-
Functions	83 465	-
Interest received	427 443	315 387
Olive oil sales	19 400	-
Rental income	139 968	129 600
Sundry income	6 750	24 208
	1 034 004	799 417
Expenses (Refer to page 25)	(11 162 981)	(10 945 324)
Operating surplus	424 907	406 755
Finance costs	(51 051)	(58 873)
Surplus before taxation	373 856	347 882
Taxation	(206 500)	(349 618)
Surplus (deficit) for the year	167 356	(1 736)

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

	2018 R	2017 R
Operating expenses		
Administration	248 884	210 920
Bad debts	208 444	28 764
Borehole water expense	57 670	-
Building and equipment	181 376	238 845
Building operations	244 713	262 868
Depreciation, amortisation and impairments	469 002	404 722
Electricity and water	3 012 149	3 686 761
Employee costs	2 312 785	2 123 794
Finance	315 243	486 978
Fines and penalties	(5 432)	8 067
Functions	8 975	-
Landscaping	391 992	443 253
Levy fines and penalties and other sundry income reversed	-	638 218
Lifestyle centre	69 157	-
Management fees - Vineyard	162 000	150 000
Pool and gym	70 147	84 409
Provision for bad debts	-	(35 223)
Reserve fund expenses	736 728	66 095
Security	1 569 529	1 472 149
Vineyard expenses	119 469	135 257
Wine purchases	990 150	539 447
	11 162 981	10 945 324

CROYDON VINEYARD ESTATE HOMEOWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

TAX COMPUTATION

	2018 R
Net profit per income statement	373 856
Permanent differences (Non-deductible/Non taxable items)	
Income subject to the income tax act section 10(1)(e)(i)	(6 843 830)
Expenses subject to the income tax act section 10(1)(e)(i)	6 174 441
Exemption subject to the income tax act section 10(1)(e)(ii)	(50 000)
Interest, penalties paid in respect of taxes (s23(d))	2 584
Non-deductible expenses	766 717
Depreciation	313 732
	363 644
Temporary differences	
Amounts received in advance - current year	19 511
Accrued expenses - prior year	(74 814)
Depreciation	155 271
Wear and tear allowance	(165 345)
	(65 377)
Assessed loss brought forward	-
Taxable income for 2018	672 123
Tax thereon @ 28% in the Rand	188 194
Reconciliation of tax balance	
Amount owing/(prepaid) at the beginning of year	155 782
Prior penalty reversal	(7 840)
Amount refunded/(paid) in respect of prior year	(147 942)
Amount owing/(prepaid) in respect of prior year	-
Tax owing/(prepaid) for the current year:	
Normal tax	
Per calculation	188 194
1st provisional payment	(53 974)
2nd provisional payment	(299 170)
Other payments	-
	(164 950)
Amount owing/(prepaid) at the end of year	(164 950)