CROYDON WINE COMPANY (PTY) LTD

(REGISTRATION NUMBER 2003/014749/07)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 2018

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

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Production of wine
DIRECTORS	CW Graham F Naude MH Neethling NJ van Schalkwyk NJ Grobler
REGISTERED OFFICE	Unit 1 Croydon Vineyard Estate Croydon SOMERSET WEST 7130
LOCATION OF COMPANY RECORDS	Unit 1 Croydon Vineyard Estate Croydon SOMERSET WEST 7130
POSTAL ADDRESS	Unit 1 Croydon Vineyard Estate, Croydon SOMERSET WEST 7130
AUDITORS	Exceed (Cape Town) Inc. Chartered Accountant (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: WF Smith CA (S.A.)
PUBLISHED	____________________

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

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 23, which comprise the Statement of Financial Position as at 31 May 2018, 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 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 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
BELLVILLE

DATE

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 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 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 2019 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on pages 3 to 4.

The financial statements set out on pages 6 to 23, which have been prepared on the going concern basis, were approved by the board on ________________ and signed on its behalf by:

______________________________	______________________________
CW GRAHAM	**NJ VAN SCHALKWYK**

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the financial statements of Croydon Wine Company (Pty) Ltd for the year ended 31 May 2018.

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

There have been no changes to the authorised or issued share capital during the year under review.

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 2018.

5. DIRECTORS

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

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

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.

7. HOLDING ENTITY

The company's holding entity is Croydon Vineyard Estate Homeowners Association which holds 100% (2017: 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.

CROYDON WINE COMPANY (PTY) LTD
(REGISTRATION NUMBER: 2003/014749/07)
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	322 383	244 819
Deferred tax	3	37 970	26 040
		360 353	**270 859**
Current Assets			
Inventories	4	1 945 756	1 275 243
Trade and other receivables	5	314 496	299 885
Cash and cash equivalents	6	51 588	165 410
Current tax receivable		27 481	14 762
		2 339 321	**1 755 300**
Total Assets		**2 699 674**	**2 026 159**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	100	100
Retained income		2 490	33 428
		2 590	**33 528**
LIABILITIES			
Non-Current Liabilities			
Loans from shareholders	8	984 375	859 361
Current Liabilities			
Trade and other payables	9	1 712 709	1 133 270
Total Liabilities		**2 697 084**	**1 992 631**
Total Equity and Liabilities		**2 699 674**	**2 026 159**

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2018 R	2017 R
Revenue	10	2 467 169	2 862 098
Cost of sales	11	(2 047 903)	(1 882 485)
Gross profit		**419 266**	**979 613**
Other income	12	68 693	521 834
Operating expenses		(531 365)	(1 107 196)
Operating (loss) profit	13	**(43 406)**	**394 251**
Investment revenue	14	541	-
Finance costs	15	(3)	(36 322)
(Loss) profit before taxation		**(42 868)**	**357 929**
Taxation	16	11 930	(104 427)
(Loss) profit for the year		**(30 938)**	**253 502**
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		**(30 938)**	**253 502**

STATEMENT OF CHANGES IN EQUITY

	Share capital R	Retained income R	Total equity R
Balance at 01 June 2016	**100**	**(220 074)**	**(219 974)**
Profit for the year	-	253 502	253 502
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**253 502**	**253 502**
Opening balance as previously reported	100	171 002	171 102
Adjustments			
Prior period error	-	(137 574)	(137 574)
Balance at 01 June 2017 as restated	**100**	**33 428**	**33 528**
Loss for the year	-	(30 938)	(30 938)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	**-**	**(30 938)**	**(30 938)**
Balance at 31 May 2018	**100**	**2 490**	**2 590**

STATEMENT OF CASH FLOWS

	Notes	2018 R	2017 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		2 519 632	3 309 008
Cash paid to suppliers and employees		(2 626 917)	(2 366 742)
Cash (used in) generated from operations	17	(107 285)	942 266
Interest income		541	-
Finance costs		(3)	(36 322)
Tax paid		(12 719)	-
Net cash from operating activities		**(119 466)**	**905 944**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(119 370)	(101 651)
Other financial assets repaid		-	19 604
Net cash from investing activities		**(119 370)**	**(82 047)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from/(repayment of) shareholder's loan		125 014	(712 712)
Net cash from financing activities		**125 014**	**(712 712)**
Total cash movement for the year		**(113 822)**	**111 185**
Cash at the beginning of the year		165 410	54 225
Total cash at end of the year	6	**51 588**	**165 410**

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 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 directors review 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 the useful lives of certain items of plant and equipment should be lengthened, due to repairs and maintenance incurred during the year that led to an increase in the useful lives of these items.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to decrease the depreciation expense in the current financial year and for the next 4 years, by the following amounts:

	R
31 May 2018	27 270
31 May 2019	10 517
31 May 2020	10 517
31 May 2021	6 750
31 May 2022	6 750

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.

Taxation

Significant estimates are made to determine both current and deferred tax assets/liabilities. 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 returns of tax courts.

1.2 PROPERTY, PLANT AND EQUIPMENT

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

Property, plant and equipment is initially measured at cost.

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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

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 company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Computer hardware	3 years
Computer software	3 years
Furniture and fixtures	6 years
Refrigeration plant	11 years
Wine barrels and machinery	6 years
Wine tank	5 years

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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 profit or loss 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 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 without undue cost or effort 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.

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 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.

1.10 BORROWING COSTS

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

1.11 FOREIGN EXCHANGE

Foreign currency transactions

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

	2018	2017
	R	R

2. PROPERTY, PLANT AND EQUIPMENT

	2018			2017		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	31 304	(22 376)	8 928	29 105	(24 936)	4 169
Computer hardware	-	-	-	9 219	(9 217)	2
Computer software	18 837	(15 068)	3 769	18 837	(18 835)	2
Refrigeration plant	131 356	(90 059)	41 297	131 356	(87 590)	43 766
Wine tank	105 500	(18 075)	87 425	48 000	(5 600)	42 400
Wine barrels and machinery	353 091	(172 127)	180 964	293 420	(138 940)	154 480
Total	**640 088**	**(317 705)**	**322 383**	**529 937**	**(285 118)**	**244 819**

Reconciliation of property, plant and equipment - 2019

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Closing balance**
Computer hardware	2	-	(2)	-	-
Computer software	2	-	-	3 767	3 769
Furniture and fixtures	4 169	2 199	-	2 560	8 928
Refrigeration plant	43 766	-	-	(2 469)	41 297
Wine barrels and machinery	154 480	59 671	-	(33 187)	180 964
Wine tank	42 400	57 500	-	(12 475)	87 425
	244 819	**119 370**	**(2)**	**(41 804)**	**322 383**

Reconciliation of property, plant and equipment - 2017

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

	2018	2017
	R	R

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Changes in estimates

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed, in line with the accounting policy and with section 17 of the IFRS for SME's. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information.

Based on this analysis, the useful lives of computer software have been revised from 3 to 4 years, furniture & fixtures have been revised from 5 to 6 years, wine barrels and machinery have been revised from 5 to 6 years and the refrigeration plant have been revised from 7 to 11 years. The impact of the change is a reduction in the annual depreciation charge for the current and future years of R 34 535. There was no change in the estimate of useful lives in 2017.

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

NOTES TO THE FINANCIAL STATEMENTS

3. DEFERRED TAX

	2018 R	2017 R
Deferred tax asset / (liability)		
Capital allowance on property, plant and equipment	(7 662)	-
Deferred tax asset		
Temporary difference on assessed loss available for set off against future taxable income	45 355	26 040
Temporary difference on income received in advance	277	-
Deferred tax balance from temporary differences other than unused tax losses	45 632	26 040
Total deferred tax asset	**45 632**	**26 040**

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 statement of financial position as follows:

	2018 R	2017 R
Deferred tax liability	(7 662)	-
Deferred tax asset	45 632	26 040
Total net deferred tax asset	**37 970**	**26 040**
Reconciliation of deferred tax asset / (liability)		
At beginning of year	26 040	130 467
Originating temporary difference on property, plant and equipment	(7 662)	-
Originating/(reversing) temporary difference on tax losses available for set off against future taxable income	19 315	(104 427)
Originating temporary difference on income received in advance	277	-
	37 970	**26 040**

4. INVENTORIES

	2018 R	2017 R
Bottled wine	1 170 421	471 397
Bulk wine	508 504	788 485
Production supplies	266 831	15 361
	1 945 756	**1 275 243**

5. TRADE AND OTHER RECEIVABLES

	2018 R	2017 R
Trade receivables	286 388	274 147
POS cash control	14 144	13 844
South African Revenue Service - VAT	13 964	11 894
	314 496	**299 885**

	2018 R	2017 R

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2018 R	2017 R
Bank balances	46 726	164 395
Cash on hand	4 862	1 015
	51 588	**165 410**

7. SHARE CAPITAL

	2018 R	2017 R
Authorised		
205 Ordinary shares with no par value	-	-
Issued		
100 Ordinary shares with no par value	100	100

8. LOANS FROM SHAREHOLDERS

	2018 R	2017 R
Croydon Vineyard Estate Homeowners Association		
- Working capital - other The loan bears no interest.	-	7 443
- Assets purchased Funds were received from the capital development fund from Croydon Vineyard Estate Homeowners Association. The loan bears no interest (2017: 9%).	(415 034)	(297 463)
- 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)
	(984 375)	**(859 361)**

Repayments are expected as and when funds are available.

The loan has been subordinated to other creditors of the company until the company's assets, fairly valued, exceed its liabilities.

9. TRADE AND OTHER PAYABLES

	2018 R	2017 R
Trade payables	1 710 110	1 096 428
Accruals	-	34 842
Deposits	1 000	2 000
Income received in advance	990	-
South African Revenue Service - Provision for PAYE, UIF & SDL	609	-
	1 712 709	**1 133 270**

	2018 R	2017 R
10. REVENUE		
Wine sales	1 928 968	2 478 779
Wine lounge	538 201	383 319
	2 467 169	**2 862 098**
11. COST OF SALES		
Sale of goods		
Cost of goods sold	1 641 942	1 520 915
Sale of goods		
Wine lounge cost of sales	491 305	376 718
	2 133 247	**1 897 633**
12. OTHER INCOME		
Expenses recovered	-	384 281
Function income	-	57 503
Profit on exchange differences	-	3 538
Recoveries	53 072	11 400
Storage fees	13 593	17 626
Winemaking services	2 028	47 486
	68 693	**521 834**
13. OPERATING (LOSS) PROFIT		
Operating (loss) profit for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	41 804	78 028
Employee costs	160 056	174 787
Impairments	-	58
Lease rentals	139 968	129 600
Scrapping of fixed assets	(2)	(1)
14. INVESTMENT REVENUE		
Interest revenue		
South African Revenue Service	541	-
15. FINANCE COSTS		
Shareholder's loan	-	21 299
South African Revenue Service	3	15 023
	3	**36 322**

NOTES TO THE FINANCIAL STATEMENTS

	2018 R	2017 R

16. TAXATION

Major components of the tax (income) expense

	2018 R	2017 R
Deferred taxation		
South African deferred tax - current year	(11 930)	104 427
	(11 930)	**104 427**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2018 R	2017 R
Accounting (loss) profit	(42 868)	357 929
Tax at the applicable tax rate of 28% (2017: 28%)	(12 004)	100 220
Tax effect of adjustments on taxable income		
Disallowable expenses	74	4 207
	(11 930)	**104 427**

17. CASH (USED IN) GENERATED FROM OPERATIONS

	2018 R	2017 R
(Loss) profit before taxation	(42 868)	357 929
Adjustments for:		
Depreciation and amortisation	41 804	78 028
Loss on sale of assets	2	1
Profit on foreign exchange	-	(3 538)
Interest received	(541)	-
Finance costs	3	36 322
Devaluation	-	58
Changes in working capital:		
Inventories	(670 513)	(480 986)
Trade and other receivables	(14 611)	(71 385)
Trade and other payables	579 439	1 025 837
	(107 285)	**942 266**

	2018 R	2017 R

18. RELATED PARTIES

Relationships

Shareholder	Croydon Vineyard Estate Homeowners Association
Entity under control of key management	Rikus Neethling Wines CC
Members of key management	CW Graham
	MH Neethling
	F Naude
	JT Gerber (2017)
	LM Petra (2017)
	NJ van Schalkwyk
	NJ Grobler

Related party balances

	2018 R	2017 R
Loan accounts - Owing to related parties		
Shareholder	(984 375)	(859 361)
Amounts included in Trade receivable (Trade Payable) regarding related parties		
Shareholder	(836 698)	(751 293)
Entity under control of key management	38 835	-

Related party transactions

	2018 R	2017 R
Interest paid to (received from) related parties		
Shareholders	-	21 299
Purchases from (sales to) related parties		
Shareholder	(868 553)	(473 200)
Shareholder	330 000	354 587
Management fees paid to related parties		
Member of key management	-	150 000
Entity under control of key management	163 890	-
Rent paid to related parties		
Shareholder	139 968	129 600
Insurance paid to related parties		
Shareholder	37 800	36 000

	2018 R	2017 R

19. PRIOR PERIOD ERRORS

The valuation of inventory was not appropriately considered. The value of inventory will therefore have to be retrospectively restated for the prior period to give an accurate account of the value of inventory at year end. The closing stock includes expenses that were incurred and pertains to items that have been sold.

The correction of the error results in adjustments as follows:

	2018 R	2017 R
Statement of Financial Position		
Inventory	-	(191 074)
Current tax receivable	-	14 762
Current tax payable	-	12 698
Deferred tax asset	-	26 040
Profit or Loss		
Cost of sales	-	191 074
Taxation	-	(53 500)

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

	2018 R	2017 R
Profit or Loss		
Cost of sales	-	(15 148)
Operating expenses	-	15 148

21. ADOPTION OF NEW IFRS FOR SME

New IFRS for SME standard has been adopted. The effects of the adoption did not affect the figures.

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

	2018 R	2017 R
REVENUE		
Wine sales	1 928 968	2 478 779
Lifestyle Centre revenue	538 201	383 319
	2 467 169	**2 862 098**
COST OF SALES	**(2 047 903)**	**(1 882 485)**
Gross profit	**419 266**	**979 613**
OTHER INCOME		
Expenses recovered	-	384 281
Function income	-	57 503
Interest received	541	-
Other winemaking services	2 028	47 486
Profit on exchange differences	-	3 538
Recoveries	53 072	11 400
Storage income	13 593	17 626
	69 234	**521 834**
Expenses (Refer to page 25)	**(531 365)**	**(1 107 196)**
Operating (loss) profit	**(42 865)**	**394 251**
Finance costs	(3)	(36 322)
(Loss) profit before taxation	**(42 868)**	**357 929**
Taxation	11 930	(104 427)
(Loss) profit for the year	**(30 938)**	**253 502**

CROYDON WINE COMPANY (PTY) LTD
(REGISTRATION NUMBER: 2003/014749/07)
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MAY 2018

DETAILED STATEMENT OF FINANCIAL PERFORMANCE

	2018 R	2017 R
OPERATING EXPENSES		
Accounting fees	(14 245)	(37 966)
Administration fees	(3 250)	(29 435)
Advertising	(98 046)	(163 769)
Auditor's remuneration	(50 950)	(58 105)
Bad debts	(3 545)	(4 408)
Bank charges	(38 007)	(18 007)
Cleaning	-	(2 784)
Commission paid	(17 417)	(256 933)
Counter expenses	(64 180)	-
Customs and excise duties	-	(136 444)
Depreciation, amortisation and impairments	(41 804)	(78 086)
Employee costs	(160 056)	(174 787)
Function expenses	-	(74 583)
General expenses	(932)	(3 553)
Insurance	-	(36 000)
Licences	(17 394)	(18 034)
Loss on scrapping of assets	(2)	(1)
Printing and stationery	-	(1 234)
Protective clothing	(192)	-
Repairs and maintenance	(5 596)	-
SARS penalties	(274)	-
Staff welfare	(3 921)	(1 266)
Subscriptions	(3 554)	-
Training	(8 000)	(1 804)
Workmen's compensation	-	(9 997)
	(531 365)	**(1 107 196)**

TAX COMPUTATION

	2018 R
Net loss per income statement	(42 868)
Permanent differences	
Interest, penalties paid in respect of taxes (s23(d))	277
	277
Temporary differences	
Accounting loss on disposal of fixed assets	2
Scrapping allowance (s 11(o))	(2)
Amounts received in advance - current year	990
Depreciation according to financial statements	41 804
Wear and tear allowance (s11(e))	(69 185)
	(26 391)
Calculated tax loss for the year	**(68 982)**
Assessed loss brought forward	(93 001)
Assessed loss for 2018 - carried forward	**(161 983)**
Tax thereon @ 28% in the Rand	**-**

RECONCILIATION OF TAX BALANCE

Amount owing/(prepaid) at the beginning of year	(14 762)
Accrued interest	(541)
Prior year adjustment	(27 460)
Amount refunded/(paid) in respect of prior year	15 282
Amount owing/(prepaid) in respect of prior year	**(27 481)**