

Hermanusdoorns Shareblock Limited

(Registration number 1991/006901/06)

Annual financial statements
for the year ended 28 February 2018

A & Q Attest Services Incorporated
Chartered Accountants (SA)
Registered Auditors
Issued 17 July 2018

Hermanusdoorns Shareblock Limited
(Registration number 1991/006901/06)
Annual Financial Statements for the year ended 28 February 2018

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Level of assurance

These financial statements set out on pages 10 to 23 have been audited in accordance with the relevant requirements of the Companies Act 71 of 2008 and Share Block Control Act of 1980.

Preparer

Gerrit Du Toit
CA(SA)

Hermanusdoorns Shareblock Limited

(Registration number 1991/006901/06)

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Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008 and Share Block Control Act of 1980, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is 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, the requirement of the Companies Act No 71 of 2008, the Share Blocks Control Act of 1980 as well as the *Guide on financial reporting by share block companies* as issued by the South African Institute of Chartered Accountants. The financial statements 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 set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the company's budget for the year to 28 February 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 auditors and their report is presented on pages 3 - 5.

The annual financial statements set out on pages 6 to 26, which have been prepared on the going concern basis, were approved by the directors on 17 July 2018 and were signed on behalf of the board by:

Director
Johannesburg
17 July 2018

Director

Independent Auditor's Report

To the shareholders of Hermanusdoorns Shareblock Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hermanusdoorns Shareblock Limited set out on pages 10 to 23, which comprise the statement of financial position as at 28 February 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 annual 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 Hermanusdoorns Shareblock Limited as at 28 February 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 and the requirements of the Companies Act 71 of 2008 and Share Block Control Act of 1980.

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 Share Block Control Act of 1980, as well as the supplementary information set out on pages 24 - 26. 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.

Independent Auditor's Report

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 Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008 and Share Block Control Act of 1980, 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.

Auditors' 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 auditors 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 system of 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 auditors 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.

Independent Auditor's Report

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.

A & Q Attest Services Incorporated
Chartered Accountants (SA)
Registered Auditors

Christo Maritz CA(SA) RA
17 July 2018
Mulbarton

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Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Hermanusdoorns Shareblock Limited for the year ended 28 February 2018.

1. Nature of business

The business of the company is the operation and maintenance of a bush retreat for the leisure of the shareholders. In this regard the company operates a share block scheme in respect of immovable property owned by it. The company maintains a levy fund for the repair, upkeep, control, management and administration of the company and of the immovable property (and related scheme assets) in respect of which the share block scheme is operated.

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 the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008 and Share Block Control Act of 1980. The accounting policies have been applied consistently compared to the prior year.

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

	2018	2017
Surplus for the year	18,795	109,164
Capital assets acquired and expensed	497,395	621,372
Surplus excluding capital assets expensed	516,190	730,536

3. Capital

			2018	2017
Authorised			Number of shares	
Ordinary shares			104	104
Issued	2018	2017	2018	2017
	R	R		
Ordinary shares	83,000	84,000	83	84

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There was no change to the authorised share capital of the company during the period under review.

The objectives when managing capital is;

- to safeguard the company's ability to continue as a going concern, so that it can continue to provide benefits to its various stakeholders , and
- to provide an adequate value add on each shareholder's investment.

The amount of funding required is dependant on the directors' assessment of the capital required to enhance and maintain the operations of the company. The directors manage the capital structure and make adjustments to it, in light of changes in economic conditions and the risk characteristics of the company's underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount of levies raised from its shareholders, issue additional shares, raise external finance or as a last resort realise scheme assets to finance any shortfall.

As the 28 February 2018 and 29 February 2017, the company had no long term debt.

It is the intention of the directors to maintain the debt free status of the company for the foreseeable future. However should the company require additional capital to finance its continuing operations or to acquire additional scheme assets, the directors will seek to raise the amount required from the shareholders before raising external long term interest bearing debt.

During the year under review the company reduced its share capital by of a voluntary surrender of 1 ordinary share by one of the shareholders.

4. Authority to buy back shares

At the last AGM held on 12 August 2017, shareholders gave the company a general approval in terms of section 48 of the Companies Act 71 of 2008, by way of special resolution, for the acquisition of its own shares. As this general approval remains valid only until the next AGM is held on 11 August 2018, the shareholders will be asked at that meeting to consider a special resolution to renew this general authority until the next AGM.

Details of the shares repurchased during the current year in terms of this authority are outlined in note 3 above.

5. Insurance and risk management

The company follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control program, which is carried out in conjunction with the company's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

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6. Directors

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

Directors

M.J. Perrie
J.G.Hill
A.S.Du Plessis
C.Ross
M.H.Fikkert
D.G.Harriss

There have been no changes to the directorate for the period under review.

7. Directors interests in shares

As at 28 February 2018, the directors of the company had the following direct and indirect beneficial interests in the company's issued shares:

Interest in shares

	2018 Direct	2017 Direct	2018 Indirect	2017 Indirect
M.J. Perrie	-	-	2	2
J.G.Hill	1	1	-	-
A.S.Du Plessis	-	-	1	1
C.Ross	-	-	1	1
D.G.Harriss	-	-	1	2
	1	1	5	6

The register of interests of directors and others in shares of the company is available to the shareholders on request.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of this report.

8. Borrowing powers

In terms of the Memorandum of Incorporation, the borrowing powers of the company are unlimited. However all borrowings by the company are subject to board approval as required by the board delegation of authority.

9. Special resolutions

No special resolutions, the nature of which might be significant to the shareholders in their appreciation of the state of affairs of the company were made by the company during the period covered by this report.

10. 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.

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11. Going concern

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

12. Litigation statement

The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

13. Auditors

The firm Russell James and Company Incorporated was appointed as the auditor of Hermanusdoorns Shareblock Limited at the 2017 AGM, for the 28 February 2018 financial year. In the period since the 2017 AGM, the firm Russell James and Company Incorporated merged with the firm Baker Tilly, effective from 1 June 2018. As from 1 July 2018 Russell James and Company Incorporated was rebranded to be called Baker Tilly (Johannesburg).

Christo Maritz, one of the partners in the firm Russell James and Company Incorporated, decided not to be part of the firm Baker Tilly (Johannesburg) but rather to establish his own firm, A & Q Attest Services Incorporated. This was by mutual and amicable arrangement between Mr Maritz and his previous partners at Russell James and Company Incorporated. Mr Maritz engaged with a number of his clients from when he was a partner at Russell James and Company Incorporated, including Hermanusdoorns Shareblock Limited in the person of the chairperson of the board, Mr Perrie, around these changes.

Russell James and Company Incorporated resigned as auditor of Hermanusdoorns Shareblock Limited pursuant to the restructuring of the firm in terms of its merger with Baker Tilly and Mr Maritz exiting the partnership to establish his own firm, A & Q Attest Services Incorporated. In accordance with section 91(2) of the Companies Act, the board of directors of Hermanusdoorns Shareblock Limited resolved to appoint A & Q Attest Services Incorporated to fill the resulting vacancy in the office of auditor of the company. Mr Maritz was designated by the firm as the individual auditor responsible and accountable for the audit of the financial statements of Hermanusdoorns Shareblock Limited for the financial year ended 28 February 2018.

At the AGM, the shareholders will be requested to reappoint A & Q Attest Services Incorporated as the independent external auditors of the company and to confirm Mr Christo Maritz CA(SA) RA as the designated lead audit partner for the 2019 financial year.

14. Secretary

The company had no secretary for the year under review

15. Date of authorisation for issue of financial statements

The annual financial statements have been authorised for issue by the directors on 17 July 2018. No authority was given to anyone to amend the financial statements after the date of issue.

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Statement of Financial Position as at 28 February 2018

	Note(s)	2018 R	2017 R
Assets			
Non-Current Assets			
Loan asset	2	-	-
Current Assets			
Inventories	3	74,667	42,841
Levies and other receivables	4	1,057,020	774,171
Cash and cash equivalents	5	1,166,894	1,409,943
		2,298,581	2,226,955
Total Assets		2,298,581	2,226,955
Equity and Liabilities			
Equity			
Share capital	6	1,521,386	1,522,386
Reserves	7	2,180,000	2,180,000
Accumulated deficit		(4,136,872)	(4,155,667)
		(435,486)	(453,281)
Liabilities			
Current Liabilities			
Trade and other payables	8	340,236	430,884
Levies received in advance	9	2,393,831	2,249,352
		2,734,067	2,680,236
Total Equity and Liabilities		2,298,581	2,226,955

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Statement of Comprehensive Income

	Note(s)	2018 R	2017 R
Revenue	10	2,249,352	2,209,653
Other income (refer to page 24)	11	255,964	291,327
Operating expenses (refer to page 25 & 26)		(2,049,970)	(1,831,667)
Capital assets acquired and expensed (refer to note 2 for details)		(497,395)	(621,372)
Operating surplus/(deficit)	12	(42,049)	47,941
Investment revenue	13	60,992	59,223
Redemption of shares	14	-	2,000
Finance costs	15	(148)	-
Net surplus for the year		18,795	109,164
Other comprehensive income		-	-
Total comprehensive income for the year		18,795	109,164

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Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Other reserve	Accumulated deficit	Total equity
	R	R	R	R	R	R
Balance at 01 March 2016	90,000	1,610,586	1,700,586	2,180,000	(4,264,831)	(384,245)
Profit for the year	-	-	-	-	109,164	109,164
Buy-back of shares	(4,000)	(172,200)	(176,200)	-	-	(176,200)
Redemption of shares	(2,000)	-	(2,000)	-	-	(2,000)
Total changes	(6,000)	(172,200)	(178,200)	-	-	(178,200)
Balance at 01 March 2017	84,000	1,438,386	1,522,386	2,180,000	(4,155,667)	(453,281)
Profit for the year	-	-	-	-	18,795	18,795
Voluntary surrender	(1,000)	-	(1,000)	-	-	(1,000)
Total changes	(1,000)	-	(1,000)	-	-	17,795
Balance at 28 February 2018	83,000	1,438,386	1,521,386	2,180,000	(4,136,872)	(435,486)
Note(s)	6	6	6	7		

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Statement of Cash Flows

	Note(s)	2018 R	2017 R
Cash flows from operating activities			
Cash (used in) generated from operations	18	(302,893)	32,111
Interest income		60,992	59,223
Finance costs		(148)	-
Net cash from operating activities		(242,049)	91,334
Cash flows from financing activities			
Buy-back of shares	6	(1,000)	(178,200)
Repayment of other financial liabilities		-	2,000
Net cash from financing activities		(1,000)	(176,200)
Total cash movement for the year		(243,049)	(84,866)
Cash at the beginning of the year		1,409,943	1,494,809
Total cash at end of the year	5	1,166,894	1,409,943

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Accounting Policies

1. Presentation of financial statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008 and Share Block Control Act of 1980. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated selling price less costs to complete and sell. Where an impairment is necessary, inventory items are written down to selling price less costs to complete and sell. The write down is included in the operating surplus note.

Financial assests measured at cost and amortised cost

The company assesses its levies receivables and other receivables for impairment at each reporting period date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment of levies and other receivables is based on an assessment of the recoverability of individual debtors as at the reporting date and are recognised in surplus or deficit. Bad debts are written off when identified.

1.2 Loan asset of share block company and the nature of scheme assets

The company complies with the accounting treatment for share block companies as outlined in the SAICA Guide, *Guide on financial reporting by share block companies* (Issued June 2011).

In accordance with the legal structure of a share block company in accordance with the Share Blocks Control Act (Act 59 of 1980), the right of use of the property (the fixed property and all property related assets) (the scheme assets) is automatically conveyed to the shareholders and, therefore, all future economic benefits expected from the use of the scheme assets do not belong to the share block company, but to the shareholders of the company. "Future economic benefits" include both benefits that may be realised from use, for example by occupying the property, and benefits that may be realised through sale. Therefore, the company owns the *bare dominium*, only, and the members of the share block scheme own the *usufruct*; giving the members the indefinite right of use and all the future economic benefits associated with the scheme assets.

The scheme assets in terms of the company's Memorandum of Incorporation is defined as "*shall mean the Property and Buildings as defined and other assets that may be acquired from time to time for the Company to conduct its business in accordance with its purpose and main objects*"

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Accounting Policies

1.2 Loan asset of share block company and the nature of scheme assets (continued)

Property and buildings are in turn defined in the memorandum of Incorporation as "*means the buildings erected on the immovable property described excluding any buildings erected by the shareholder on the site allocated to the shareholder for the shareholder's exclusive use*" in note 2 of the notes to the financial statements and "*known as Hermanusdoorns or "the farm"*"

The company recognises a loan asset with respect to the obligation of the shareholders to the company for the company's loan obligation pertaining to the scheme assets that are the subject of the share block scheme. The shareholders have an obligation to the company that will at any time be equal to any loan obligation of the company with respect to the scheme assets.

The loan asset is classified as a basic financial instrument and is recognised and measured as explained in accounting policies note 1.3, Financial instruments.

1.3 Financial instruments

Initial measurement

The following basic financial instruments have been recognised as financial assets and financial liabilities, as appropriate, in the statement of financial position (the company does not have any financial instruments, other than basic financial instruments):

- Loan asset
- Levies and other receivables
- Cash and cash equivalents
- Trade and other payables

Basic financial instruments are initially recognised at transaction price, including transaction costs. Subsequent to initial recognition, these instruments are measured at each reporting date at amortised cost less impairment, using the effective interest method. Adjustments through the amortisation process or as a result of impairment are recognised as part of finance costs in surplus or deficit. Levies and other receivables and, trade and other payables are measured at the undiscounted amount of cash or other consideration expected to be received or paid.

Financial assets measured at cost or amortised cost are assessed at each reporting date to determine whether there is any indication of impairment. If there is objective evidence of impairment an impairment loss is recognised in profit or loss. If there is objective evidence that an impairment loss previously recognised may no longer exist or may have decreased, the previously recognised impairment loss is reversed, limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years.

1.4 Tax

Current tax assets and liabilities

No provision was made for taxation as the company is, in terms of Section 10(1)(e) of the Income Taxation Act 58 of 1962, exempt from taxation on any levy income it receives from its members. In addition, the aforementioned section provides that the body corporate is exempt from income taxation on any other receipts or accruals up to R50,000 per annum.

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Accounting Policies

1.5 Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the weighted average cost basis.

Inventories are assessed at the reporting date to determine whether there is any indication of impairment. If inventories are impaired due to damage or the inventories becoming obsolete or declining selling prices or the cost to complete the inventories having increased, an impairment loss is recognised in surplus or deficit. The impairment loss is determined as the difference between the carrying amount of the inventory items concerned and their selling price less costs to complete and sell.

1.6 Impairment of assets

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

1.9 Revenue

Revenue is measured at the fair value of the consideration received or receivable, excluding value added tax (as appropriate) and excluding discounts and rebates. Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity, the amount of revenue can be reliably measured and other relevant criteria pertaining to the type of revenue are met, as specified in the following paragraphs.

- Revenue from levies with respect to the financial year under review is recognised on an accrual basis when levies are due and payable by members, in accordance with the approved levies structure. Levies received in advance are deferred and recognised on a straight line basis with respect to the period to which they relate.

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Accounting Policies

1.9 Revenue (continued)

- Revenue from rendering of ancillary services to the members are recognised on the accrual basis and is therefore recognised in the statement of profit or loss when the invoices are raised.
- Revenue in the form of interest income is recognised using the effective interest method to allocate the interest income over the expected life of the financial asset concerned.

1.10 Borrowing costs

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

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Notes to the Financial Statements

	2018	2017
	R	R
2. Loan asset		
The details provided in this section is for the information of the shareholders only.		
Cumulative amount owing by the shareholders to cover any loan obligation of the company to the scheme assets (Refer to Note 1.2 of the accounting policies)	-	-
The loan asset has been realised in full since the company has no loan obligations as at the reporting date.		
<i>Scheme assets</i>		
Information in respect of the scheme assets under the identified share block scheme is provided in accordance with Note 1.2 of the accounting policies.		
The value of use of the property owned by the shareholders (each shareholder owning his/her/its allocated portion) is reflected in the value of the shares and not in the company's financial statements.		
Land, buildings and improvements at cost		
<ul style="list-style-type: none"> • The farm 650 of the farm Hermanusdoorns in the registration division KQ Northern Province. (This represents the consolidation of the remaining portion 600 of the farm Hermanusdoorns and the remaining portion 4 of the farm Mana Mane 201); • The remaining portion of farm LA Rive 592 in the registration division KQ Northern Province. 		
Purchase price and costs prior to 2011	7,205,356	7,205,356
2011 improvements	362,656	362,656
2012 improvements	181,107	181,107
2013 improvements	9,736	9,736
2014 improvements	276,004	276,004
2015 improvements	561,357	561,357
2016 improvements	587,666	587,666
2017 improvements	571,911	571,911
2018 improvements	432,266	-
	10,188,059	9,755,793

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Notes to the Annual Financial Statements

	2018	2017
	R	R
2. Loan asset (continued)		
Other classes of scheme assets at cost		
Farm equipment	941,000	888,983
Motor vehicles	1,246,379	1,246,379
Office equipment	27,811	27,811
Computer equipment	32,615	32,615
Furniture and fittings	157,235	144,123
	2,405,040	2,339,911
 Total scheme assets at cost	12,593,099	12,095,704
 Additions per category		
Land and buildings	432,266	571,911
Farm equipment	52,017	31,578
Furniture and fittings	13,112	17,883
	497,395	621,372
 3. Inventories		
Diesel stock	29,060	13,619
Tuck shop supplies	45,607	29,222
	74,667	42,841
 4. Levies and other receivables		
Levies receivables	1,009,199	734,764
Deposits	36,249	32,570
VAT	11,572	6,837
	1,057,020	774,171
 5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	2,500	2,500
Bank balances	356,879	395,736
Short-term deposits	807,515	1,011,707
	1,166,894	1,409,943

Hermanusdoorns Shareblock Limited
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Notes to the Annual Financial Statements

	2018 R	2017 R
6. Share capital		
Authorised		
104 Ordinary shares of R1,000 each	104,000	104,000
	104,000	104,000
Reconciliation of number of shares issued:		
Reported as at 01 March 2017	84,000	90,000
Shares buy back	-	(4,000)
Redemption of shares	-	(2,000)
Surrender of share	(1,000)	-
	83,000	84,000
	83,000	84,000
Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
Issued		
83 (2017 - 84) Ordinary shares of R1,000 each	83,000	84,000
Share premium	1,438,386	1,438,386
	1,521,386	1,522,386
	1,521,386	1,522,386
7. Other reserves		
Surplus from transfer of shares	2,180,000	2,180,000
	2,180,000	2,180,000
8. Trade and other payables		
Obligation in respect of generator	-	4,010
Trade payables	340,236	426,874
	340,236	430,884
	340,236	430,884
During the course of the 2012 financial year end the company acquired a generator with fair value of R171,443 from one of the shareholders. During the course of the 2013 financial year the parties, by mutual agreement agreed to reduce the consideration due by R51,443. It is the intention of the parties to settle the obligation by setting off future levies due from the shareholder against the obligation until settled in full.		
<i>Reconciliation of obligation in respect of generator:</i>		
Obligation recognised brought forward	4,010	29,260
Offset of the levies due from shareholder in respect of the 2016/2017 year end	-	(25,250)
Offset of the levies due from shareholder in respect of the 2017/2018 year end	(4,010)	-
	-	4,010
	-	4,010

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Annual Financial Statements for the year ended 28 February 2018

Notes to the Annual Financial Statements

	2018	2017
	R	R
9. Levies received in advance		
<p>The amounts represent levies in advance from the members for the periods listed below. Levies in advance relate to the following periods and categories:</p> <p><i>Levies - for the next financial year</i></p> <p>It is the policy of the company to invoice the levies due from the members for the next financial year in February of the current year. As a result the levies for the year ended 28 February 2019 were invoiced during February 2018 and the levies for 28 February 2018 were invoiced during February 2017.</p>		
1 March 2017 to 28 February 2018	-	2,249,352
1 March 2018 to 28 February 2019	2,393,831	-
10. Revenue		
Levies raised	2,249,352	2,209,653
11. Other income		
Alarm monitoring	20,443	31,999
Cleaning services	126,585	126,414
Conversion fees - ownership structure	-	7,800
Maintenance income	99,891	100,898
Tuck shop surplus	9,045	24,216
	255,964	291,327
12. Operating surplus/(deficit)		
<p>Operating surplus/(deficit) for the year is stated after accounting for the following:</p>		
Administration fees	115,800	115,950
Capital assets expensed	497,395	621,372
Electricity and other related expenses (net of recoveries)	152,898	205,326
Employee costs	1,018,743	997,209
Insurance	44,502	56,929
Motor vehicle expenses (for additional detail see pages 25 & 26)	203,434	207,223
Repairs and maintenance (for additional detail see pages 25 & 26)	171,876	104,980
13. Investment revenue		
Interest revenue		
Bank	60,992	59,223

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Annual Financial Statements for the year ended 28 February 2018

Notes to the Annual Financial Statements

	2018 R	2017 R
14. Redemption of shares		
Redemption of 2 shares - 2017	-	2,000
15. Finance costs		
Other interest paid	148	-
16. Taxation		
No provision was made for taxation as the company is, in terms of Section 10(1)(e) of the Income Taxation Act 58 of 1962, exempt from taxation on any levy income it receives.		
In addition, the aforementioned section provides that the body corporate is exempt from income taxation on any other receipts or accruals up to R50,000 per annum.		
17. Directors' remuneration		
No emoluments were paid to the directors during the current or prior year.		
18. Cash (used in) generated from operations		
Net surplus for the year	18,795	109,164
Adjustments for:		
Interest received	(60,992)	(59,223)
Finance costs	148	-
Gain on redemption of shares	-	(2,000)
Changes in working capital:		
Inventories	(31,826)	11,650
Levies and other receivables	(282,847)	55,727
Trade and other payables	(90,650)	(173,506)
Levies received in advance	144,479	90,299
	(302,893)	32,111

19. Related parties

Transactions with members

Other than the levies received and transactions included under "other income" in note 11, there are no other material transactions between the company and its members. The transactions between the shareholders and the company included under "other income" are conducted on an arms length basis.

Directors and directors' interest in shares.

The details of the directors are disclosed in note 6 of the directors' report. Directors' beneficial interest in shares are disclosed in note 7 of the directors' report.

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Annual Financial Statements for the year ended 28 February 2018
Notes to the Financial Statements

20. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

21. Events after the reporting period

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

The annual financial statements were authorised for issue on 17 July 2018 by the board of directors of the company.

Hermanusdoorns Shareblock Limited
(Registration number : 1991/006901/06)
Financial Statements for the year ended 28 February 2018
Detailed Statement of Financial Performance

28 February 2018

	Notes	Gross Receipts	Direct Costs	Net
Revenue				
Levies received from members	10	<u>2 249 352</u>	-	<u>2 249 352</u>
Other income				
Alarm monitoring		20 443	- *	20 443
Cleaning services		126 585	- *	126 585
Conversion fees		0	- *	-
Maintenance income		99 891	- *	99 891
Tuck shop surplus		<u>9 045</u>	- *	<u>9 045</u>
		<u>255 964</u>	-	<u>255 964</u>
Total expenses (refer to page 25)				2 547 365
Operating surplus for the year				-42 049
Interest received	13			60 992
Redemption of shares	14			-
Finance costs	15			<u>-148</u>
Surplus for the year				<u>18 795</u>

29 February 2017

	Notes	Gross Receipts	Direct Costs	Net
Revenue				
Levies received from members	10	<u>2 209 653</u>	-	<u>2 209 653</u>
Other income				
Alarm monitoring		31 999	- *	31 999
Cleaning services		126 414	- *	126 414
Conversion fees		7 800	- *	7 800
Maintenance income		100 898	- *	100 898
Tuck shop surplus		<u>24 216</u>	- *	<u>24 216</u>
		<u>291 327</u>	-	<u>291 327</u>
Total expenses (refer to page 26)				2 453 039
Operating surplus for the year				47 941
Interest received	12			59 223
Redemption of shares	13			2 000
Finance costs	14			<u>0</u>
Surplus for the year				<u>109 164</u>

*Although the farm's employees and assets are utilised to generate income, the accounting records of the company do not permit an accurate allocation of costs between the income generated and the overheads incurred. All costs attributable to the generation of the identified income are included in the employees cost, impairments, motor vehicle expenses and repairs and maintenance.

Hermanusdoorns Shareblock Limited

(Registration number : 1991/006901/06)

Financial Statements for the year ended 28 February 2018

Detailed Statement of Financial Performance

28 February 2018

	Notes	Costs	Recoveries	Net
Administration fees		115 800	-	115 800
Audit remuneration	17	50 250	-	50 250
Bad debts		49 985	1 000	48 985
Bank Charges		9 889	-	9 889
Cleaning materials		3 160	-	3 160
Compensation commissioner		20 326	-	20 326
Computer expenses		810	-	810
CSOS levies		38 405	-	38 405
Electricity, and other related expenses		380 222	227 324	152 898
Employee cost		1 018 743	-	1 018 743
Entertainment		1 975	-	1 975
Game expenses		181 476	51 410	130 066
Insurance		44 502	-	44 502
License fee - radios		-501	-	-501
Motor vehicle expenses		203 434	-	203 434
<i>- Fuel</i>		85 033	-	85 033
<i>- Repairs and maintenance</i>		107 977	-	107 977
<i>- Other</i>		10 424	-	10 424
Printing and stationary		5 460	-	5 460
<i>Repairs and maintenance</i>		171 876	-	171 876
<i>- Electrical</i>		32 800	-	32 800
<i>- Water</i>		70 354	-	70 354
<i>- Radio</i>		9 612	-	9 612
<i>- Fence</i>		33 262	-	33 262
<i>- Pool</i>		25 848	-	25 848
Secretarial fees		7 900	3 509	4 391
Subscription		14 573	-	14 573
Telephone and data		14 928	-	14 928
<i>Operating expenses</i>		2 333 213	283 243	2 049 970
<i>Capital assets acquired and expensed</i>				497 395
Total expenses for the year				2 547 365

Hermanusdoorns Shareblock Limited

(Registration number : 1991/006901/06)

Financial Statements for the year ended 28 February 2018

Detailed Statement of Financial Performance

28 February 2017

	Notes	Costs	Recoveries	Net
Administration fees		115 950	-	115 950
Audit remuneration	17	47 340	-	47 340
Bank Charges		9 622	-	9 622
Cleaning materials		5 673	-	5 673
Compensation commissioner		17 008	-	17 008
Computer expenses		3 590	-	3 590
Electricity, and other related expenses		414 725	209 399	205 326
Employee cost		997 209	-	997 209
Entertainment		2 759	-	2 759
Game expenses		78 351	46 809	31 542
Insurance		56 929	-	56 929
License fee - radios		972	-	972
Motor vehicle expenses		207 223	-	207 223
- Fuel		72 346	-	72 346
- Repairs and maintenance		124 150	-	124 150
- Other		10 726	-	10 726
Printing and stationary		3 796	-	3 796
Repairs and maintenance		104 980	-	104 980
- Electrical		12 286	-	12 286
- Water		53 050	-	53 050
- Radio		3 203	-	3 203
- Fence		14 435	-	14 435
- Pool		22 006	-	22 006
Secretarial fees		6 500	13 158	-6 658
Subscription		12 178	-	12 178
Telephone and data		14 928	-	14 928
Training		1 300	-	1 300
Operating expenses		2 101 033	269 366	1 831 667
Capital assets acquired and expensed				621 372
Total expenses for the year				2 453 039