SIBAYA PRECINCT MASTER MANAGEMENT ASSOCIATION (RF) NPC

(Registration number 2016/193545/08)

Annual Financial Statements
for the year ended 31 March 2021

SIBAYA PRECINCT MASTER MANAGEMENT ASSOCIATION (RF) NPC

(Registration number: 2016/193545/08)
Annual Financial Statements for the year ended 31 March 2021

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To control, manage and maintain all the properties within the area known as "Sibaya Precinct"
Directors	JJ Jacobs HX Makwabe R Naidoo GF Philips NP Slatter B Shongwe
Business address	305 Umhlanga Rocks Drive La Lucia Durban KwaZulu Natal 4051
Auditors	Baker Tilly Morrison Murray Chartered Accountants (SA) Registered Auditors
Secretary	Urban MGT
Managing agent	Eris Property Group (Pty) Ltd
Company registration number	2016/193545/08
Tax reference number	9012/436/26/8
CSOS registration number	CSOS/REG/19/KZN/005919
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: MJ Brand Chartered Accountant (SA)
Issued	28 September 2021

SIBAYA PRECINCT MASTER MANAGEMENT ASSOCIATION (RF) NPC

(Registration number: 2016/193545/08)
Annual Financial Statements for the year ended 31 March 2021

INDEX

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

	Page
Directors' Responsibilities and Approval	3
Independent Auditor's Report	4 - 6
Directors' Report	7 - 8
Statement of Financial Position	9
Statement of Comprehensive Income	10
Statement of Changes in Equity	11
Statement of Cash Flows	12
Accounting Policies	13 - 15
Notes to the Annual Financial Statements	16 - 18

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 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 annual 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 board 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 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 cash flow forecast for the year to 31 March 2022 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 4 to 6.

The annual financial statements set out on pages 9 to 18, which have been prepared on the going concern basis, were approved by the board on 20 September 2021 and were signed on its behalf by:

Approval of annual financial statements

Director

Director

bakertilly
MORRISON MURRAY

Registered Auditors
Chartered Accountants (SA)

20 Westville Road, Westville, 3629
PO Box 1098, Westville, 3630
South Africa

T: +27 (0)31 267 5300

mail@bakertillymm.co.za
www.bakertillymm.co.za

INDEPENDENT AUDITOR'S REPORT

To the members of Sibaya Precinct Master Management Association (RF) NPC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sibaya Precinct Master Management Association (RF) NPC (the company) set out on pages 9 to 18, which comprise the statement of financial position as at 31 March 2021, 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 Sibaya Precinct Master Management Association (RF) NPC as at 31 March 2021, 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to Note 10 to the financial statements which indicates that the company may be negatively impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organisation in March 2020. Our opinion is not modified in respect of this matter.

Partners: S Stanley CA(SA) RA, MJ Brand CA(SA) RA, O Chetty CA(SA) RA, PW Gericke CA(SA) RA, JM Howitz CA(SA) RA, BA Michel CA(SA) RA, M Sharpley CA(SA) RA, JG Verburg CA(SA) RA, N Weymouth CA(SA) RA
Associate: K Naicker CA(SA)
Consultant: GA Noble CA(SA)

IRBA Practice No.: 902950

Baker Tilly Morrison Murray is a member of the global network of Baker Tilly International Ltd, the members of which are separate and independent legal entities.

INDEPENDENT AUDITOR'S REPORT

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, which we obtained prior to the date of this report. The 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 on the other information obtained prior to the date of this auditor's report, 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 annual financial statements in accordance with International Financial Reporting Standards 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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.

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.

Report on other legal and regulatory requirements

The company has insufficient fidelity insurance cover as required by the Community Schemes Ombud Service Act 9 of 2011.

Baker Tilly Morrison Murray

Baker Tilly Morrison Murray

Partner: Monique Sharpley CA(SA)
Registered Auditor

Westville

Date: 28 September 2021

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Sibaya Precinct Master Management Association (RF) NPC for the year ended 31 March 2021.

1. Review of financial results and activities

The main objective of the Association is to control, manage and maintain all the properties within the area known as "Sibaya Precinct".

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

2. Directors

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

Directors	Changes
JJ Jacobs	
HX Makwabe	Appointed 18 November 2020
R Naidoo	
GF Philips	
A Mnguni	Resigned 18 November 2020
NP Slatter	
B Shongwe	

3. Special resolutions

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

4. Going concern

On 11 March 2020, the World Health Organisation declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This led the President of South Africa to impose a nation-wide lockdown which has caused the company to close its operations for an extended period from 27 March 2020. However, the nation-wide lockdown has not affected the company as turnover comprises of levies receivable and are contractual based on sale agreements. Due to Sibaya being a developing Precinct they have continued to receive levies as owners can only sell and transfer properties once levies are up to date. The effect of the pandemic is merely a cashflow timing matter.

Notwithstanding the operational and financial effects of the nation-wide lockdown, 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 further 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.The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Auditors

Baker Tilly Morrison Murray were appointed as auditors for the company for 2021.

6. Secretary

The company secretary during the year is Urban MGT.

Business address	44 Lagoon Drive Umhlanga 4339

DIRECTORS' REPORT

7. Managing agent

The company managing agent during the year is Eris Property Group (Pty) Ltd.

Business address	Suite 4B, 100 Armstrong Avenue La Lucia Ridge 4051

SIBAYA PRECINCT MASTER MANAGEMENT ASSOCIATION (RF) NPC

(Registration number: 2016/193545/08)
Annual Financial Statements for the year ended 31 March 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

Figures in Rand	Note(s)	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment	2	119 627	75 497
Current Assets			
Trade and other receivables	3	354 119	169 192
Other financial assets	4	63 310	1 000
Prepayments		28 615	2 724
Cash and cash equivalents	5	4 784 238	5 716 353
		5 230 282	**5 889 269**
Total Assets		**5 349 909**	**5 964 766**
Equity and Liabilities			
Equity			
Levy stabilisation fund		672 000	175 000
Retained income		1 783 299	842 451
		2 455 299	**1 017 451**
Liabilities			
Current Liabilities			
Trade and other payables	6	1 298 340	1 093 329
Other financial liabilities	4	1 366 983	3 705 354
Current tax payable		4 652	95 524
Levies received in advance		224 635	53 108
		2 894 610	**4 947 315**
Total Equity and Liabilities		**5 349 909**	**5 964 766**

SIBAYA PRECINCT MASTER MANAGEMENT ASSOCIATION (RF) NPC

(Registration number: 2016/193545/08)
Annual Financial Statements for the year ended 31 March 2021

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2021	2020
Revenue			
Levies receivable		6 940 517	6 006 770
Levy stabilisation fund		497 000	175 000
Recoveries - Design review fees		21 300	258 950
		7 458 817	**6 440 720**
Other income			
Interest received		205 644	392 684
Operating expenses			
Accounts administration fee		52 352	48 927
Administration and management fees		2 339 904	2 224 248
Audit fees		19 968	23 509
Bank charges		5 098	4 416
Cleaning		263 572	287 086
Computer expenses		74 929	27 393
Depreciation		21 303	1 299
Design review fees		21 300	258 950
Electrical supplies		6 700	6 050
Fuels and oil		407	342
General expenses		5 861	1 300
Improvement projects		238 450	91 651
Insurance		8 875	10 785
Landscaping costs		47 450	107 450
Lease rentals on operating lease		272 400	193 500
Legal expenses		89 938	6 500
Levies		1 827 102	1 644 917
Licences and subscriptions		2 000	2 000
Meetings and entertainment		-	2 477
Printing and stationery		10 520	5 690
Reimbursements		1 684	1 953
Repairs and maintenance		164 470	8 989
Secretarial fees		27 527	-
Security		661 050	1 078 919
Telephone and internet		21 264	20 352
		6 184 124	**6 058 703**
Operating surplus		**1 480 337**	**774 701**
Finance costs		-	(6 872)
Surplus before taxation		**1 480 337**	**767 829**
Taxation	8	(42 489)	(97 429)
Surplus for the year		**1 437 848**	**670 400**

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Levy stabilisation fund	Accumulated surplus	Total equity
Balance at 01 April 2019	**-**	**347 051**	**347 051**
Surplus for the year	**-**	**670 400**	**670 400**
Transfer to levy stabilisation fund	175 000	(175 000)	-
Total changes	**175 000**	**(175 000)**	**-**
Balance at 01 April 2020	**175 000**	**842 451**	**1 017 451**
Surplus for the year	**-**	**1 437 848**	**1 437 848**
Transfer to levy stabilisation fund	497 000	(497 000)	-
Total changes	**497 000**	**(497 000)**	**-**
Balance at 31 March 2021	**672 000**	**1 783 299**	**2 455 299**

STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Cash generated from operations	7	1 461 717	407 914
Interest income		205 644	392 685
Finance costs		-	(6 872)
Tax paid		(133 361)	(136 870)
Net cash from operating activities		**1 534 000**	**656 857**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(65 433)	(76 796)
Cash flows from financing activities			
Repayments of other financial liabilities		(2 400 682)	-
Advances of other financial liabilities		-	693 800
Net cash from financing activities		**(2 400 682)**	**693 800**
Total cash movement for the year		**(932 115)**	**1 273 861**
Cash at the beginning of the year		5 716 353	4 442 492
Total cash at end of the year	5	**4 784 238**	**5 716 353**

ACCOUNTING POLICIES

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities, and the Companies Act 71 of 2008. 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 Property, plant and equipment

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 company, and the cost of the item can be measured reliably.

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.

The initial estimate of the costs of dismantling and removing an asset and restoring the site on which it is located is also included in the cost of property, plant and equipment, when such dismantling, removal and restoration is obligatory.

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.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection is derecognised.

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	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 Years

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount.

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.

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.

ACCOUNTING POLICIES

1.1 Property, plant and equipment (continued)

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 surplus or deficit when the item is derecognised.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through surplus or deficit).

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

Commitments to receive a loan are measured at cost less impairment.

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.

1.3 Tax

Current tax assets and liabilities

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

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

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.

1.4 Leases

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

ACCOUNTING POLICIES

1.4 Leases (continued)

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

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

Any contingent rents are expensed in the period they are incurred.

1.5 Revenue

All operating expenses are recoverable from owners by way of levies and are recognised when invoiced.

Interest is recognised, in surplus or deficit, as it accrues.

Sundry revenue is recognised when it is earned.

1.6 Borrowing costs

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

2. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	142 229	(22 602)	119 627	76 796	(1 299)	75 497

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	75 497	65 433	(21 303)	119 627

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	-	76 796	(1 299)	75 497

3. Trade and other receivables

Trade receivables	354 119	169 192

4. Other financial assets (liabilities)

Sibaya Sub Precinct 1B Management Association (RF) NPC	32 598	(1 504 584)
Sibaya Sub Precinct 1D Management Association (RF) NPC	29 712	(830 788)
Signature Management Association (RF) NPC	(88 983)	(88 983)
Sibaya Sub Precinct Node 5 Management Association (RF) NPC	(670 000)	(670 000)
Sibaya Sub Precinct 5B Management Association (RF) NPC	(608 000)	(608 000)
The Sibaya Coastal Precinct Conservation Trust	-	(3 000)
Oceandune Management Association (RF) NPC	1 000	1 000
	(1 303 673)	**(3 704 355)**

The above loans are unsecured, interest free and have no fixed terms of repayment.

Current assets	63 310	1 000
Non-current liabilities	(1 366 983)	(3 705 355)
	(1 303 673)	**(3 704 355)**

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	4 784 238	5 716 353

6. Trade and other payables

Amounts received in advance	27 358	48 658
Development deposits received	1 200 000	1 000 000
Trade payables	16 014	16 049
VAT	54 968	28 622
	1 298 340	**1 093 329**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

7. Cash generated from operations

Surplus before taxation	1 480 337	767 829
Adjustments for:		
Depreciation	21 303	1 299
Interest received	(205 644)	(392 685)
Finance costs	-	6 872
Changes in working capital:		
Trade and other receivables	(184 927)	835 873
Prepayments	(25 891)	67 747
Trade and other payables	205 012	(879 021)
Levies received in advance	171 527	-
	1 461 717	**407 914**

8. Taxation

Major components of the tax expense

Current taxation		
South African normal tax - year	43 140	95 524
South African normal tax - prior period (over) under provision	(651)	-
	42 489	**95 524**
Deferred taxation		
South African deferred tax - current year	-	1 905
	42 489	**97 429**

Taxation has been provided for on the taxable income in excess of R50 000 in terms of Section 10(1)(e) of the Income Tax Act.

9. Directors' remuneration

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

10. Going concern

On 11 March 2020, the World Health Organisation declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This led the President of South Africa to impose nation-wide lockdown which has caused the company to close its operations for an extended period from 27 March 2020. However, the nation-wide lockdown has not affected the company as turnover comprises of levies receivable and are contractual based on sale agreements. Due to Sibaya being a developing Precinct they have continued to receive levies as owners can only sell and transfer properties once levies are up to date. The effect of the pandemic is merely a cashflow timing matter.

Notwithstanding the operational and financial effects of the nation-wide lockdown, 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 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020

11. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due		
- within one year	292 752	294 400
- in second to fifth year inclusive	739 332	1 094 782
	1 032 084	**1 389 182**

Operating lease payments represent rentals payable by the company to Ocean Dune Retail (Pty) Ltd for certain of its office properties. Leases are negotiated for an average term of five years. No contingent rent is payable.