

**THE PEZULA HOTEL SECTIONAL TITLE SCHEME BODY CORPORATE**  
**Sectional Scheme 00000598/2004**  
**FINANCIAL STATEMENTS**  
**for the year ended 29 February 2016**

**THE PEZULA HOTEL SECTIONAL TITLE SCHEME BODY CORPORATE**  
**Sectional Scheme 00000598/2004**

**ANNUAL FINANCIAL STATEMENTS**

for the year ended 29 February 2016

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**THE PEZULA HOTEL SECTIONAL TITLE SCHEME BODY CORPORATE**

**GENERAL INFORMATION**

for the year ended 29 February 2016

<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Body Corporate and related activities
<b>Trustees</b>	Raimund Jan Pouliart Warren Grant Kilborn Klaus Dieter Martin
<b>Registered office</b>	20 Strydom Street Wittedrift 6603
<b>Postal address</b>	P. O. Box 66 Wittedrift 6603
<b>Bankers</b>	ABSA Bank
<b>Auditors</b>	HC Havenga Registered Auditors Plettenberg Bay
<b>Sectional Scheme registration number</b>	00000598/2004
<b>Income tax reference number</b>	
<b>Preparer</b>	HC Havenga Chartered Accountant (SA)
<b>Level of assurance</b>	These financial statements have been audited in compliance with the applicable requirements of the Sectional Titles Act, 1986 (Act No. 95 of 1986).
<b>Published</b>	2 April 2016

**REPORT OF THE INDEPENDENT AUDITORS**

**TO THE MEMBERS OF**

**THE PEZULA HOTEL SECTIONAL TITLE SCHEME BODY CORPORATE**

I have audited the accompanying financial statements which comprise the trustees' report, statement of financial position as at 29 February 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 12.

**Trustee's responsibility for the Financial Statements**

The trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Sectional Titles Act, 1986 (Act No. 95 of 1986). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Audit opinion**

In my opinion, the financial statements presents fairly, in all material respects, the financial position of the Body Corporate as at 29 February 2016, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Sectional Titles Act, 1986 (Act No. 95 of 1986).

**Supplementary information**

The supplementary information set out on page 13 does not form part of the financial statements and is presented as additional information. I have not audited this information and accordingly do not express an opinion thereon.



**HC HAVENGA**  
Chartered Accountant (SA)  
Plettenberg Bay

2 April 2016

## THE PEZULA HOTEL SECTIONAL TITLE SCHEME BODY CORPORATE

### TRUSTEES' RESPONSIBILITIES AND APPROVAL

for the year ended 29 February 2016

The trustees are required by the Sectional Titles Act, 1986 (Act No. 95 of 1986) , 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 presents the state of affairs of the body corporate as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity International Financial Reporting Standards 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 International Financial Reporting Standards for Small and Medium-Sized Entities, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The trustees acknowledges that they are ultimately responsible for the system of internal financial control established by the body corporate and places considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees sets standards for internal controls aimed at reducing the risk of error or loss in a cost effective manner. These 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 corporation and all employees are required to maintain the highest ethical standards in ensuring the body corporate's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the body corporate is on identifying, assessing, managing and monitoring all known forms of risk across the corporation. While operating risk cannot be fully eliminated, the corporation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The trustees have reviewed the corporation's cash flow forecast for the year to 28 February 2017 and, in the light of this review and the current financial position, they are satisfied that the body corporate has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the corporation's financial statements. the financial statements have been examined by the external auditors and their report is presented on pages 2 .

The financial statements set out on pages 3 to 13, which have been prepared on the going concern basis, were approved by the trustees and were signed on its behalf by:

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Trustee

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Trustee

Date :

## **THE PEZULA HOTEL SECTIONAL TITLE SCHEME BODY CORPORATE**

### **TRUSTEES' REPORT**

for the year ended 29 February 2016

The trustees present their annual report which forms part of the audited annual financial statements of the Body Corporate for the year ended 29 February 2016.

### **INCORPORATION AND NATURE OF BUSINESS**

The body corporation was incorporated on 22 December 2004.

The main objective of the body corporate is to ensure that a proper constitution is adopted to meet the requirements of its members and to align the constitution with the room revenue agreement.

The body corporate is dependant on obtaining sufficient levy income to enable it to meet its expenses.

### **FINANCIAL RESULTS**

The results of the body corporate and the state of its affairs are set out in the attached financial statements and do not, in our opinion, require further comments.

### **EVENTS SUBSEQUENT TO BALANCE DATE**

The trustees are not aware of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, which significantly affect the financial position of the body corporate or the results of its operations.

### **TRUSTEES AND MANAGING AGENT**

The trustees of the body corporate during the period and up to date of this report were as follows:

Raimund Jan Pouliart  
Warren Grant Kilborn  
Klaus Dieter Martin

Maggie Zeelie has been appointed as secretarial managing agent.

### **REGISTERED OFFICE AND BUSINESS ADDRESS**

20 Strydom Street  
Wittedrift  
6603

### **AUDITOR**

H C Havenga was appointed as auditor and will remain in office.

**THE PEZULA HOTEL SECTIONAL TITLE SCHEME BODY CORPORATE**

**STATEMENT OF FINANCIAL POSITION**

at 29 February 2016

	<u>Notes</u>	<u>2016</u> R	<u>2015</u> R
<b>ASSETS</b>			
Current assets			
Trade and other receivables	1	24,923	-
Cash and cash equivalents	2	41,513	-
		<u>66,436</u>	<u>-</u>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves			
Accumulated funds		62,436	-
Current liabilities			
Trade and other payables	3	4,000	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>66,436</u>	<u>-</u>

**THE PEZULA HOTEL SECTIONAL TITLE SCHEME BODY CORPORATE**

**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 29 February 2016

	<u>Notes</u>	<u>2016</u> R	<u>2015</u> R
<b>REVENUE</b>		82,000	-
Administrative expenses		19,583	-
<b>OPERATING SURPLUS (LOSS)</b>		<u>62,417</u>	<u>-</u>
Other operating income		19	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR</b>		<u><u>62,436</u></u>	<u><u>-</u></u>

**THE PEZULA HOTEL SECTIONAL TITLE SCHEME BODY CORPORATE**

**STATEMENT OF CHANGES IN EQUITY**

for the year ended 29 February 2016

	<b>Accumulated Funds R</b>
Balance at 1 March 2014	-
Total comprehensive income (loss) for the year	-
Balance at 28 February 2015	-
Total comprehensive income (loss) for the year	62,436
Balance at 29 February 2016	<u>62,436</u>

**THE PEZULA HOTEL SECTIONAL TITLE SCHEME BODY CORPORATE**

**STATEMENT OF CASH FLOWS**

for the year ended 29 February 2016

	<u>Notes</u>	<u>2016</u> R	<u>2015</u> R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from members		57,077	-
Cash paid to suppliers and employees		(15,583)	-
Cash generated from operations	6.1	41,494	-
Interest received		19	-
Interest paid		-	-
Net cash inflow from operating activities		41,513	-
<b>NET INCREASE IN CASH EQUIVALENTS</b>		41,513	-
<b>CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		-	-
<b>CASH EQUIVALENTS AT END OF YEAR</b>	6.2	41,513	-

## THE PEZULA HOTEL SECTIONAL TITLE SCHEME BODY CORPORATE

### ACCOUNTING POLICIES

for the year ended 29 February 2016

The following are the principal accounting policies of the body corporate.

#### **Presentation of financial statements**

The financial statements have been prepared in accordance with the Sectional Titles Act, 1986 and International Reporting Standards for Small and Medium-Sized Entities. 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 policies are consistent with the previous year.

#### **Financial instruments**

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

#### **Financial instruments at cost**

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

#### **Financial instruments at fair value**

All other instruments are measured at fair value through profit and loss.

#### **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 and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The body corporate is tax in terms of section 10 (1) (e) of the Income Tax Act.

## THE PEZULA HOTEL SECTIONAL TITLE SCHEME BODY CORPORATE

### ACCOUNTING POLICIES

for the year ended 29 February 2016

#### Impairment of assets

The body corporate assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the body corporate estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the body corporate also tests intangible assets including goodwill with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation reserve.

#### Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied.

- the amount of revenue can be measured reliably;
- the stage of completion of the transaction at the balance sheet date can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the body corporate; and
- the costs incurred or to be incurred in respect of transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

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

#### Borrowing costs

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

**THE PEZULA HOTEL SECTIONAL TITLE SCHEME BODY CORPORATE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 29 February 2016

	<u>2016</u> R	<u>2015</u> R
<b>1. ACCOUNTS RECEIVABLE</b>		
Trade debtors	<u>24,923</u>	<u>-</u>
<b>2. CASH AND CASH EQUIVALENTS</b>		
ABSA Current account	<u>41,513</u>	<u>-</u>
<b>3. ACCOUNTS PAYABLE</b>		
Audit fees	<u>4,000</u>	<u>-</u>
<b>4. PROFIT ON ORDINARY ACTIVITIES</b>		
Profit on ordinary activities before financing cost is arrived at after taking into account the following:		
Revenue from :		
- Levies raised	<u>82,000</u>	<u>-</u>
Auditors remuneration		
- Audit fees	4,000	-
- Other services	-	-
	<u>4,000</u>	<u>-</u>
Income from investments		
- Interest	<u>19</u>	<u>-</u>
<b>5. TAXATION</b>		
The association is exempt from income tax in terms of Section 10(1)(e) of the Income Tax Act.		

**THE PEZULA HOTEL SECTIONAL TITLE SCHEME BODY CORPORATE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

**for the year ended 29 February 2016**

	<u>2016</u> R	<u>2015</u> R
<b>6. NOTES TO THE STATEMENT OF CASH FLOWS</b>		
6.1 Reconciliation of net profit to cash generated from operations		
Net surplus from trading	62,436	-
Net surplus (loss) from projects	-	-
Adjustments for :		
Investment income	(19)	-
Interest expense	-	-
Operating profit (loss) before working capital changes	<u>62,417</u>	<u>-</u>
Working capital changes	(20,923)	-
Increase in accounts receivable	(24,923)	-
Increase in trade payables	4,000	-
Cash generated by operations	<u>41,494</u>	<u>-</u>
6.2 Cash and cash equivalents		
Cash on hands and balances with banks	<u>41,513</u>	<u>-</u>

**THE PEZULA HOTEL SECTIONAL TITLE SCHEME BODY CORPORATE**

**DETAILED STATEMENT OF FINANCIAL PERFORMANCE**

for the year ended 29 February 2016

	<u>2016</u> R	<u>2015</u> R
<b>INCOME</b>		
Levies received	82,000	-
Interest received	19	-
<b>TOTAL INCOME</b>	<u>82,019</u>	<u>-</u>
<b>EXPENDITURE</b>		
Audit Fees	4,000	-
Bank charges	2,373	-
Entertainment	675	-
Managing fees	7,800	-
Printing and stationery	1,958	-
Travelling and accommodation	2,777	-
<b>TOTAL EXPENDITURE</b>	<u>19,583</u>	<u>-</u>
<b>NET SURPLUS (LOSS)</b>	<u>62,436</u>	<u>-</u>