

**THE BODY CORPORATE OF PEZULA HOTEL  
(Scheme number SS 598/2004)  
Annual Financial Statements  
for the year ended 28 February 2021**

# The Body Corporate of Pezula Hotel

(Scheme number: SS 598/2004)

Annual Financial Statements for the year ended 28 February 2021

## Index

---

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

| <b>Index</b>  | <b>Page</b> |
|---|-------------|
| Independent Auditor's Report  | 2 - 4       |
| Trustees' Responsibilities and Approval   | 5           |
| Trustees' Report  | 6 - 7       |
| Statement of Financial Position   | 8           |
| Statement of Comprehensive Income   | 9           |
| Statement of Changes in Equity  | 10          |
| Statement of Cash Flows   | 11          |
| Accounting Policies   | 12 - 13     |
| Notes to the Annual Financial Statements  | 14 - 18     |
| The following supplementary information does not form part of the annual financial statements and is unaudited: |             |
| Detailed Income Statement   | 19          |

## Independent Auditor's Report

---

To the Members of The Body Corporate of Pezula Hotel

Report on the Audit of the Annual Financial Statements

### Opinion

We have audited the annual financial statements of The Body Corporate of Pezula Hotel (the body corporate) set out on pages 8 to 18, which comprise the statement of financial position as at 28 February 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements of The Body Corporate of Pezula Hotel for the year ended 28 February 2021 are prepared, in all material respects, in accordance with the basis of accounting described in Note 1 to the annual financial statements and the requirements of the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011).

### 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 Annual Financial Statements section of our report. We are independent of the body corporate in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual 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 - Basis of Accounting

We draw attention to Note 1 to the annual financial statements, which describes the basis of accounting. The annual financial statements are prepared in accordance with the body corporate's own accounting policies to satisfy the financial information needs of the body corporate's owners. As a result, the annual financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

We further draw attention to Note 2 to the Trustees Report as disclosed on page 6 of the annual financial statements which indicates events after the reporting period.

### Other Information

The trustees are responsible for the other information. The other information comprises the Trustees' Report as required by the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011), which we obtained prior to the date of this report, and the supplementary information as set out on page 19. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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.

## Independent Auditor's Report

---

### Responsibilities of the Trustees for the Annual Financial Statements

The trustees are responsible for the preparation of the annual financial statements in accordance with the basis of accounting described in Note 1 to the annual financial statements and the requirements of the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011), for determining that the basis of preparation is acceptable in the circumstance and for such internal control as the trustees 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 trustees are responsible for assessing the body corporate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the body corporate or to cease operations, or have no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual 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 annual 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 body corporate's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the body corporate'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 annual 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 body corporate to cease to continue as a going concern.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Independent Auditor's Report

### Report on Other Legal and Regulatory Requirements

In accordance with the Management Rules of the body corporate and in terms of Regulation 6 of the Sectional Titles Schemes Management Regulations 2016, Rules 26(5)(c)(ii), (iii) and (iv), we report as follows:

#### Compliance findings with accounting requirements (Rule 26(5)(c)(ii))

The trustees are responsible to ensure that the body corporate complies with management rules 21, 24 and 26 adopted in terms of the Sectional Title Schemes Management Regulations 2016, which includes the implementation of systems, processes and internal controls such internal control as the trustees determine is necessary.

If during the course of our audit of the annual financial statements of the body corporate we become aware of any instances of non-compliance with the accounting requirements set out in management rules 21, 24 and 26 (the Rules), we are required to report our findings. We identified the following instances of non-compliance with the Rules:

- Rule 24(3)(a) as the part of the annual levies which was designated for the Reserve Fund was not all transferred from the Administrative Fund to the Reserve Fund;
- Rule 26(4) as the prior year annual financial statements were not presented at the AGM within 4 months after the financial year end.

#### Management of the body corporate's financial affairs and funds (Rules 26(5)(c)(iii) and (iv))

In terms of relevant International Standards on Auditing we did not conduct an engagement relating to whether the financial records of the body corporate have been kept and its funds have been managed so as to provide a reasonable level of protection against theft or fraud, and whether the financial affairs of the body corporate appear to be effectively managed, as required by Rules 26(5)(c)(iii) and (iv). We have not gathered evidence to express any assurance opinion or conclusion thereon.



Cecil Kilpin & Co  
Chartered Accountants (SA)  
Registered Auditors  
Per Partner: Sidney Schonegevel

Century City

Date: 23/08/2021

# The Body Corporate of Pezula Hotel

(Scheme number: SS 598/2004)

Annual Financial Statements for the year ended 28 February 2021

## Trustees' Responsibilities and Approval

---

The trustees are required 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 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 with the basis of accounting described in Note 1.

The annual financial statements are prepared in accordance with the basis of accounting described in Note 1 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the body corporate and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the body corporate 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 body corporate. While operating risk cannot be fully eliminated, the body corporate 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

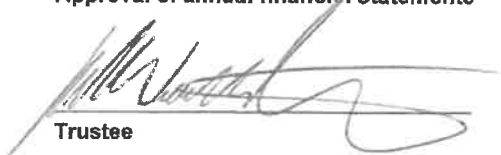
The trustees have reviewed the body corporate's cash flow forecast for the year to 28 February 2022 and, in the light of this review and the current financial position, they are satisfied that the body corporate has or has access to adequate resources to continue in operational existence for the foreseeable future.

The trustees are aware of the legislation that was introduced by the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011) on 7 October 2016. This legislation requires that the body corporate maintain a reserve fund of not less than 25% of the previous year's operational levies. In order to achieve this, the trustees will include an adjustment in the budgets for 2022 and 2023 to comply with Regulation 2(a) and 2(c).

The external auditors are responsible for independently auditing and reporting on the body corporate's annual financial statements. The annual financial statements have been examined by the body corporate's external auditors and their report is presented on pages 2 to 4.

The annual financial statements set out on pages 6 to 19, which have been prepared on the going concern basis, were approved by the board of trustees and were signed on its behalf by:

### Approval of annual financial statements

  
Trustee

  
Trustee

Date: 23/08/2021

# The Body Corporate of Pezula Hotel

(Scheme number: SS 598/2004)

Annual Financial Statements for the year ended 28 February 2021

## Trustees' Report

---

The trustees submit their report for the year ended 28 February 2021.

### 1. Review of activities

#### Main business and operations

The body corporate is engaged in governing the property and operates principally in South Africa.

The controlling body was established to administer the common property of the Sectional Scheme known as Pezula Hotel, situated at Lagoon View Drive, Sparrebosch, Knysna, for which a Sectional Title Register was opened.

All expenses applicable to the common property and administration are recovered from the various section owners by means of a monthly levy in terms of the rules of the body corporate and are in accordance with the participation quota applicable to each section.

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

### 2. Events after the reporting period

Subsequent to year end the Body Corporate of Pezula Hotel was made aware of an under recovery of levy invoicing during the 2021 financial period. This was as result of receiving VAT registration during the financial year and not increasing the Levy via a resolution to recover the shortfall. The trustees have decided to recover this shortfall via a special levy in the subsequent financial period. The total special levy to be raised is R 274,246.35.

### 3. Contributions

Contributions paid by sections owners and interest earned during the year were insufficient to meet expenditure, resulting in a levy deficit of R (62,571) (2020: R (61,367)).

### 4. Trustees

The trustees of the body corporate during the year and to the date of this report are as follows:

#### Name

W Kilbourn  
H Basson (resigned 13 May 2021)  
E Marshing  
K Van Der Westhuyzen

### 5. Managing Agent

The managing agent of the body corporate is Sandak-Lewin Trust (Property Management) (Pty) Ltd of:

#### Business address

64 Roeland Square  
Cnr Roeland Street & Drury Lane  
Gardens  
Cape Town  
8001

#### Postal address

PO Box 2624  
Cape Town  
8000

### 6. Management and conduct rules

There were no amendments or additions to the management and conduct rules.

### 7. Estimates of income and expenditure for the 2022 financial year

A budget for the next financial year will be presented for approval at the forthcoming annual general meeting.

# **The Body Corporate of Pezula Hotel**

(Scheme number: SS 598/2004)

Annual Financial Statements for the year ended 28 February 2021

## **Trustees' Report**

---

### **8. Insured replacement values**

A schedule of the replacement values of all the units will be tabled for approval at the forthcoming annual general meeting.

### **9. Auditors**

Cecil Kilpin & Co was the auditor for the year under review and their re-appointment is dependent on a resolution taken to that effect by the section owners at the forthcoming annual general meeting.



# The Body Corporate of Pezula Hotel

(Scheme number: SS 598/2004)

Annual Financial Statements for the year ended 28 February 2021

## Statement of Financial Position as at 28 February 2021

|                                     | Note(s) | 2021<br>R        | 2020<br>R        |
|-------------------------------------|---------|------------------|------------------|
| <b>Assets</b>                       |         |                  |                  |
| <b>Non-Current Assets</b>           |         |                  |                  |
| Property, plant and equipment       | 2       | 127,425          | 112,125          |
| <b>Current Assets</b>               |         |                  |                  |
| Trade and other receivables         | 3       | 503,760          | 276,247          |
| Cash and cash equivalents           | 4       | 819,564          | 813,176          |
|                                     |         | <b>1,323,324</b> | <b>1,089,423</b> |
| <b>Total Assets</b>                 |         | <b>1,450,749</b> | <b>1,201,548</b> |
| <b>Equity and Liabilities</b>       |         |                  |                  |
| <b>Members' funds and reserves</b>  |         |                  |                  |
| Reserves                            |         | 571,243          | -                |
| Accumulated surplus                 |         | 265,431          | 899,245          |
|                                     |         | <b>836,674</b>   | <b>899,245</b>   |
| <b>Liabilities</b>                  |         |                  |                  |
| <b>Current Liabilities</b>          |         |                  |                  |
| Trade and other payables            | 5       | 600,682          | 298,300          |
| Current tax payable                 |         | 13,393           | 4,003            |
|                                     |         | <b>614,075</b>   | <b>302,303</b>   |
| <b>Total Equity and Liabilities</b> |         | <b>1,450,749</b> | <b>1,201,548</b> |

# The Body Corporate of Pezula Hotel

(Scheme number: SS 598/2004)

Annual Financial Statements for the year ended 28 February 2021

## Statement of Comprehensive Income

|                                | Note(s) | 2021<br>R        | 2020<br>R        |
|--------------------------------|---------|------------------|------------------|
| Revenue                        | 6       | 2,833,568        | 2,651,485        |
| Other income                   |         | 14,379           | -                |
| Operating expenses             |         | (2,995,405)      | (2,775,531)      |
| <b>Operating deficit</b>       |         | <b>(147,458)</b> | <b>(124,046)</b> |
| Investment revenue             | 7       | 98,194           | 67,500           |
| <b>Deficit before taxation</b> |         | <b>(49,264)</b>  | <b>(56,546)</b>  |
| Taxation                       | 12      | (13,307)         | (4,821)          |
| <b>Surplus (deficit)</b>       |         | <b>(62,571)</b>  | <b>(61,367)</b>  |

# The Body Corporate of Pezula Hotel

(Scheme number: SS 598/2004)

Annual Financial Statements for the year ended 28 February 2021

## Statement of Changes in Equity

|                             | Reserve fund | Accumulated surplus | Total members' funds and reserves |
|-----------------------------|--------------|---------------------|-----------------------------------|
|                             | R            | R                   | R                                 |
| Balance at 01 March 2019    | -            | 960,612             | 960,612                           |
| Surplus (deficit)           | -            | (61,367)            | (61,367)                          |
| Balance at 01 March 2020    | -            | 899,245             | 899,245                           |
| Surplus (deficit)           | -            | (62,571)            | (62,571)                          |
| Transfer between reserves   | 571,243      | (571,243)           | -                                 |
| Total changes               | 571,243      | (571,243)           | -                                 |
| Balance at 28 February 2021 | 571,243      | 265,431             | 836,674                           |

**The Body Corporate of Pezula Hotel**  
 (Scheme number: SS 598/2004)  
 Annual Financial Statements for the year ended 28 February 2021

**Statement of Cash Flows**

|   | Note(s) | 2021<br>R      | 2020<br>R      |
|---|---------|----------------|----------------|
| <b>Cash flows from operating activities</b> |         |                |                |
| Cash (used in) generated from operations    | 13      | (29,090)       | 383,780        |
| Interest income                             |         | 98,194         | 67,500         |
| Tax paid                                    |         | (3,917)        | (13,354)       |
| <b>Net cash from operating activities</b>   |         | <b>65,187</b>  | <b>437,926</b> |
| <b>Cash flows from investing activities</b> |         |                |                |
| Purchase of property, plant and equipment   | 2       | (58,800)       | (149,500)      |
| <b>Total cash movement for the year</b>     |         | <b>6,387</b>   | <b>288,426</b> |
| Cash at the beginning of the year           |         | 813,176        | 524,750        |
| <b>Total cash at end of the year</b>        | 4       | <b>819,563</b> | <b>813,176</b> |

# The Body Corporate of Pezula Hotel

(Scheme number: SS 598/2004)

Annual Financial Statements for the year ended 28 February 2021

## 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 accounting policies as set out below. The annual financial statements have been prepared on the historical cost basis. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

#### 1.1 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

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

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

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

---

| Item           | Depreciation method | Average useful life |
|----------------|---------------------|---------------------|
| Motor vehicles | Straight line       | 4 years             |
| Compressors    | Straight line       | 4 years             |

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

##### Trade and other receivables, loans and trade and other payables

Trade and other receivables, loans and trade and other payables are measured at cost less any impairment. At the end of 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 so, an impairment loss is recognised.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

In terms of the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011) a reserve fund is maintained for the purposes of future maintenance and repairs to common property.

# The Body Corporate of Pezula Hotel

(Scheme number: SS 598/2004)

Annual Financial Statements for the year ended 28 February 2021

## Accounting Policies

---

### 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.

#### Tax expenses

The body corporate is taxed in terms of section 10(1)(e) of the Income Tax Act, 1962. In terms of this section, levy income and recoveries are fully exempt. All other income is exempt up to a maximum of R50,000 per annum. Therefore, taxation is calculated and provided for on investment income and other income greater than R50,000 per annum less a portion of deductible administrative expenses.

### 1.4 Impairment of assets

The body corporate assesses at each reporting 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.

### 1.5 Provisions and contingencies

Provisions are recognised when the body corporate has an obligation at the reporting date as a result of a past event; it is probable that the body corporate will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are not recognised for future operating losses.

### 1.6 Revenue

The ordinary levies are accounted for on a straight-line basis over the financial year and divided amongst the section owners on a participation quota basis. The annual ordinary levies are agreed and approved by the members at the body corporate's annual general meeting.

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

Interest is recognised, in surplus or deficit, using the effective interest rate method.

# The Body Corporate of Pezula Hotel

(Scheme number: SS 598/2004)

Annual Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements

|                | 2021                |                          |                | 2020                |                          |                |
|----------------|---------------------|--------------------------|----------------|---------------------|--------------------------|----------------|
|                | Cost or revaluation | Accumulated depreciation | Carrying value | Cost or revaluation | Accumulated depreciation | Carrying value |
| Motor vehicles | 187,500             | (78,708)                 | 108,792        | 149,500             | (37,375)                 | 112,125        |
| Compressors    | 20,800              | (2,167)                  | 18,633         | -                   | -                        | -              |
| <b>Total</b>   | <b>208,300</b>      | <b>(80,875)</b>          | <b>127,425</b> | <b>149,500</b>      | <b>(37,375)</b>          | <b>112,125</b> |

### Reconciliation of property, plant and equipment - 2021

|                | Opening balance | Additions     | Depreciation    | Closing balance |
|----------------|-----------------|---------------|-----------------|-----------------|
| Motor vehicles | 112,125         | 38,000        | (41,333)        | 108,792         |
| Compressors    | -               | 20,800        | (2,167)         | 18,633          |
|                | <b>112,125</b>  | <b>58,800</b> | <b>(43,500)</b> | <b>127,425</b>  |

### Reconciliation of property, plant and equipment - 2020

|                | Opening balance | Additions | Depreciation | Closing balance |
|----------------|-----------------|-----------|--------------|-----------------|
| Motor vehicles | -               | 149,500   | (37,375)     | 112,125         |

### 3. Trade and other receivables

|                            |                |                |
|----------------------------|----------------|----------------|
| Levies in arrears          | 412,220        | 270,510        |
| Debtors for legal fees due | 5,737          | 5,737          |
| VAT                        | 85,803         | -              |
|                            | <b>503,760</b> | <b>276,247</b> |

### Ageing of levies

|                   | 2021    |         |         |           |         | 2020    |
|-------------------|---------|---------|---------|-----------|---------|---------|
|                   | Current | 30 days | 60 days | 90 days + | Total   | Total   |
| Levies in arrears | 21,211  | 33,087  | 21,854  | 336,068   | 412,220 | 270,510 |

The detailed age analysis of levies in arrears is available for inspection at the registered office of the body corporate.

### 4. Cash and cash equivalents

Cash and cash equivalents consist of:

|  |                |                |
|--|----------------|----------------|
| Administrative Fund - Nedbank 9020683088 | 248,321        | 281,552        |
| Reserve Fund - Nedbank 9020683135        | 571,243        | 531,624        |
|  | <b>819,564</b> | <b>813,176</b> |

**The Body Corporate of Pezula Hotel**  
(Scheme number: SS 598/2004)  
Annual Financial Statements for the year ended 28 February 2021

**Notes to the Annual Financial Statements**

**2021**                      **2020**  
**R**                                      **R**

**4. Cash and cash equivalents (continued)**

**Reconciliation of Reserve Fund**

| Major capital items            | Amount in the<br>reserve at<br>year end | Estimated<br>total cost for<br>10 years | Percentage<br>saved | Surplus<br>(Deficit) |
|--------------------------------|---|---|---------------------|----------------------|
| Aluminium doors and windows    | 36,114                                  | 432,248                                 | 8.36 %              | (396,134)            |
| Drain and water pumps          | 9,631                                   | 115,266                                 | 8.36 %              | (105,635)            |
| Electrical and lighting        | 33,539                                  | 401,426                                 | 8.36 %              | (367,887)            |
| External and internal painting | 341,854                                 | 4,091,595                               | 8.36 %              | (3,749,741)          |
| Fences                         | 5,739                                   | 68,687                                  | 8.36 %              | (62,948)             |
| Fireplaces                     | 20,466                                  | 244,964                                 | 8.36 %              | (224,498)            |
| Flooring                       | 19,261                                  | 230,532                                 | 8.36 %              | (211,271)            |
| Forecourt                      | 42,381                                  | 507,247                                 | 8.36 %              | (464,866)            |
| Paving                         | 3,210                                   | 38,422                                  | 8.36 %              | (35,212)             |
| Ponds                          | 22,471                                  | 268,954                                 | 8.36 %              | (246,483)            |
| Swimming pool and heat pumps   | 19,261                                  | 230,532                                 | 8.36 %              | (211,271)            |
| Water and waste reticulation   | 17,316                                  | 207,247                                 | 8.36 %              | (189,931)            |
|                                | <b>571,243</b>                          | <b>6,837,120</b>                        |                     | <b>(6,265,877)</b>   |

**5. Trade and other payables**

|                            |                |                |
|----------------------------|----------------|----------------|
| Accrued expenses           | 519,986        | 247,259        |
| Levies received in advance | 80,696         | 27,322         |
| Ex owner accounts          | -              | 23,719         |
|                            | <b>600,682</b> | <b>298,300</b> |

**Accrued expenses - age analysis by creditor**

|  | 2021           |          |          |           | 2020           |                |
|--|----------------|----------|----------|-----------|----------------|----------------|
|  | Current        | 30 days  | 60 days  | 90 days + | Total          | Total          |
| Cecil Kilpin & Co.                                 | 16,054         | -        | -        | -         | 16,054         | 14,864         |
| CSOS   | 2,597          | -        | -        | -         | 2,597          | 2,743          |
| Pezula Resort Hotel and<br>Spa Proprietary Limited | 501,335        | -        | -        | -         | 501,335        | 229,652        |
| <b>Total</b>                                       | <b>519,986</b> | <b>-</b> | <b>-</b> | <b>-</b>  | <b>519,986</b> | <b>247,259</b> |

**6. Revenue**

|                       |                  |                  |
|-----------------------|------------------|------------------|
| Administrative levies | 2,430,262        | 2,247,028        |
| Reserve levies        | 391,036          | 393,558          |
| CSOS levies           | 12,270           | 10,899           |
|                       | <b>2,833,568</b> | <b>2,651,485</b> |

**7. Investment revenue**

|                          |               |               |
|--------------------------|---------------|---------------|
| <b>Interest revenue</b>  |               |               |
| Bank                     | 31,117        | 43,517        |
| Overdue owners' accounts | 67,077        | 23,983        |
|                          | <b>98,194</b> | <b>67,500</b> |



# The Body Corporate of Pezula Hotel

(Scheme number: SS 598/2004)

Annual Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements

|  | 2021<br>R                         | 2020<br>R        |
|--|-----------------------------------|------------------|
| <b>8. Auditor's remuneration</b>                         |                                   |                  |
| Fees   | 14,904                            | 13,800           |
| Adjustment for previous year                             | -                                 | 345              |
|  | <b>14,904</b>                     | <b>14,145</b>    |
| <b>9. Insurance policy details</b>                       |                                   |                  |
| <b>Buildings insurance</b>                               |                                   |                  |
| Insurance company  | Lombard Insurance Company Limited |                  |
| Policy Number  | 0000183                           |                  |
| Expiry date  | 2021/07/31                        |                  |
| Payment basis  | Monthly                           |                  |
| Total replacement value                                  | R 413,041,900                     |                  |
| <b>Trustee indemnity insurance</b>                       |                                   |                  |
| Insurance company  | Lombard Insurance Company Limited |                  |
| Policy Number  | 0000183                           |                  |
| Expiry date  | 2021/07/31                        |                  |
| Payment basis  | Monthly                           |                  |
| Total sum insured  | R 5,000,000                       |                  |
| <b>10. Repairs and maintenance - Administrative Fund</b> |                                   |                  |
| Cleaning materials                                       | 5,100                             | 27,600           |
| Doors and windows  | 1,549                             | -                |
| Electrical   | 30,315                            | 15,474           |
| Facilities management - Garden                           | 38,700                            | -                |
| Fire equipment   | 5,968                             | 11,144           |
| Gardening  | 35,936                            | 776,675          |
| General building   | 300,413                           | 620,694          |
| General minor works                                      | 2,530                             | -                |
| Irrigation   | 2,241                             | -                |
| Painting   | 22,602                            | -                |
| Plumbing   | 30,530                            | 7,876            |
| Pool   | 19,153                            | 7,128            |
| Remotes, locks and keys                                  | -                                 | 9,500            |
| Repiar materials   | 22,902                            | 3,070            |
| Rubble removal   | 4,848                             | -                |
| Security and access control                              | 15,971                            | 60,040           |
| Tiling   | -                                 | 1,725            |
| Ventilation  | 10,310                            | 2,722            |
| Waterproofing  | 4,559                             | 136,631          |
|  | <b>553,627</b>                    | <b>1,680,279</b> |

# The Body Corporate of Pezula Hotel

(Scheme number: SS 598/2004)

Annual Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements

|   | 2021<br>R       | 2020<br>R      |
|---|-----------------|----------------|
| <b>11. Repairs and maintenance - Reserve Fund</b>   |                 |                |
| Electrical  | 20,348          | -              |
| Fire equipment  | 65,190          | -              |
| General building  | 11,542          | -              |
| Paving  | -               | 234,511        |
| Plumbing  | 17,320          | -              |
| Pool  | 5,567           | -              |
| Special projects  | 110,932         | -              |
|   | <b>230,899</b>  | <b>234,511</b> |
| <b>12. Taxation</b>   |                 |                |
| <b>Major components of the tax expense</b>  |                 |                |
| <b>Current taxation</b>   |                 |                |
| South African normal tax - current year   | 13,393          | 4,870          |
| South African normal tax - prior period (over) under provision  | (86)            | (49)           |
|   | <b>13,307</b>   | <b>4,821</b>   |
| <p>The body corporate is subject to tax at the company rate of 28% on the net investment income, in excess of R 50,000, in terms of Section 10(1)(e) of the Income Tax Act.</p> |                 |                |
| <b>13. Cash (used in) generated from operations</b>   |                 |                |
| Deficit before taxation   | (49,264)        | (56,546)       |
| <b>Adjustments for:</b>   |                 |                |
| Depreciation and amortisation   | 43,500          | 37,375         |
| Interest received   | (98,194)        | (67,500)       |
| <b>Changes in working capital:</b>  |                 |                |
| Trade and other receivables   | (227,513)       | 469,759        |
| Trade and other payables  | 302,381         | 692            |
|   | <b>(29,090)</b> | <b>383,780</b> |

# The Body Corporate of Pezula Hotel

(Scheme number: SS 598/2004)

Annual Financial Statements for the year ended 28 February 2021

## Notes to the Annual Financial Statements

|   | 2021<br>R | 2020<br>R |
|---|-----------|-----------|
| <b>14. Related parties</b>  |           |           |
| <b>Relationships</b>  |           |           |
| Roelof Troksie - Suite owner and also involved in Pezula Resort Hotel and Spa Proprietary Limited       |           |           |
| Riaan Veldtmann - Suite owner and also involved in Pezula Resort Hotel and Spa Proprietary Limited      |           |           |
| Maree Brink - Suite owner and also involved in Pezula Resort Hotel and Spa Proprietary Limited          |           |           |
| Kobus van der Westhuyzen - Trustee and also involved in Pezula Resort Hotel and Spa Proprietary Limited |           |           |
| <b>Related party balances and transactions with other related parties</b>                               |           |           |
| <b>Related party balances</b>   |           |           |
| <b>Amounts included in Trade receivable (Trade Payable) regarding related parties</b>                   |           |           |
| Pezula Resort, Hotel and Spa Proprietary Limited  | (501,335) | (229,652) |
| <b>Related party transactions</b>   |           |           |
| <b>Operating expenses paid to (received from) related parties</b>                                       |           |           |
| Pezula Resort, Hotel and Spa Proprietary Limited  | 2,333,622 | 2,173,741 |

# The Body Corporate of Pezula Hotel

(Scheme number: SS 598/2004)

Annual Financial Statements for the year ended 28 February 2021

## Detailed Income Statement

|   | Note(s) | 2021<br>R        | 2020<br>R        |
|---|---------|------------------|------------------|
| <b>Revenue</b>                                |         |                  |                  |
| Administrative levies                         |         | 2,430,262        | 2,247,028        |
| Reserve levies                                |         | 391,036          | 393,558          |
| CSOS levies                                   |         | 12,270           | 10,899           |
|   | 6       | <b>2,833,568</b> | <b>2,651,485</b> |
| <b>Other income</b>                           |         |                  |                  |
| Interest received                             | 7       | 98,194           | 67,500           |
| Legal fees recovered                          |         | 14,379           | -                |
|   |         | <b>112,573</b>   | <b>67,500</b>    |
| <b>Operating expenses</b>                     |         |                  |                  |
| Accounting fees                               |         | 2,099            | 1,064            |
| Auditors remuneration                         | 8       | 14,904           | 14,145           |
| Bank charges                                  |         | 5,122            | 1,480            |
| CSOS levies                                   |         | 12,270           | 10,899           |
| Cleaning                                      |         | 17,900           | 24,566           |
| Depreciation                                  |         | 43,500           | 37,375           |
| Electricity                                   |         | 47,189           | -                |
| Employee costs                                |         | 1,256,968        | -                |
| Fuel  |         | 17,249           | -                |
| General expenses                              |         | 17,905           | -                |
| Insurance                                     | 9       | 427,798          | 389,359          |
| Legal expenses                                |         | 18,433           | -                |
| Management fees                               |         | 104,124          | 128,731          |
| Printing and stationery                       |         | 1,211            | 516              |
| Professional fees                             |         | 600              | 633              |
| Repairs and maintenance - Administrative Fund | 10      | 553,627          | 1,680,279        |
| Repairs and maintenance - Reserve Fund        | 11      | 230,899          | 234,511          |
| Security                                      |         | 110,080          | 234,386          |
| Taxation services                             |         | 4,950            | 5,175            |
| Telephone and fax                             |         | 3,524            | 3,862            |
| Uniforms                                      |         | -                | 500              |
| Valuation fees                                |         | -                | 8,050            |
| Water   |         | 105,053          | -                |
|   |         | <b>2,995,405</b> | <b>2,775,531</b> |
| <b>Deficit before taxation</b>                |         |                  |                  |
| Taxation                                      | 12      | (49,264)         | (56,546)         |
|   |         | (13,307)         | (4,821)          |
| <b>Surplus (deficit)</b>                      |         | <b>(62,571)</b>  | <b>(61,367)</b>  |