

Welverdiend Properties Shareblock (Pty)Ltd
(Registration number 2004/008708/07)
Annual financial statements
for the year ended 28 February 2018
Conrad Botha and Associates Inc
Chartered Accountant (S.A.)
Registered Auditor
Published 19 July 2018

Wolverdiend Properties Shareblock (Pty)Ltd

(Registration number 2004/008708/07)

Annual Financial Statements for the year ended 28 February 2018

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Shareblock Company
Directors	M Evans NW Garrod G van Heerden
Business address	Main Street Hoedspruit 1380
Postal address	P O Box 861 Hoedspruit 1380
Auditor	Conrad Botha and Associates Inc Chartered Accountant (S.A.) Registered Auditor
Secretary	S Botha
Company registration number	2004/008708/07

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

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The following supplementary information does not form part of the annual financial statements and is unaudited:	
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Level of assurance

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

Published

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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 annual 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 of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all contractors 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 28 February 2019 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on page 4.

The annual financial statements set out on pages 5 to 16, which have been prepared on the going concern basis, were approved by the board of directors on 19 July 2018 and were signed on its behalf by:

Director

Director

Independent Auditor's Report

To the shareholders of Welverdiend Properties Shareblock (Pty)Ltd

I have audited the annual financial statements of Welverdiend Properties Shareblock (Pty)Ltd, as set out on pages 6 to 14, which comprise the statement of financial position as at 28 February 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual 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 annual financial statements.

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

Opinion

In my opinion, the annual financial statements present fairly, in all material respects, the financial position of Welverdiend Properties Shareblock (Pty)Ltd as at 28 February 2018, and 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 the requirements of the Companies Act 71 of 2008.

Conrad Botha and Associates Inc
Partner
Registered Auditor

19 July 2018

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Directors' Report

The directors submit their report for the year ended 28 February 2018.

1. Review of activities

Main business and operations

2. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.

3. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

4. Directors

The directors of the company during the year and to the date of this report are as listed below. The resignation dates are those as recorded at the offices of the Companies and Intellectual Property Commission.

Name	Nationality	Changes
M Evans		Appointed 01 April 2017
NW Garrod		Appointed 01 April 2017
A Meyer		Resigned 01 April 2017
B Brink		Resigned 01 April 2017
J Siegesmund		Resigned 01 April 2017
G van Heerden		Appointed 01 April 2017

5. Secretary

The secretary of the company is S Botha of:

Business address

Taxhouse
68 Corlett Drive
Melrose
2196

Postal address

PO Box 68
Melrose Arch
2076

6. Auditor

Conrad Botha and Associates Inc will continue in office in accordance with section 90 of the Companies Act 71 of 2008 until the Annual General Meeting of the company.

Wolverdiend Properties Shareblock (Pty)Ltd

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Annual Financial Statements for the year ended 28 February 2018

Statement of Financial Position as at 28 February 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	2	12 951 372	171
Intangible assets	3	1	9 316 078
Loans to associates	4	-	39 727
		12 951 373	9 355 976
Current Assets			
Trade and other receivables	6	57 531	98 194
Cash and cash equivalents	7	1 292 111	974 864
		1 349 642	1 073 058
Total Assets		14 301 015	10 429 034
Equity and Liabilities			
Equity			
Share capital	8	10 003 500	3 500
Reserves		765 699	765 699
Retained income		3 053 900	(835 466)
		13 823 099	(66 267)
Liabilities			
Non-Current Liabilities			
Loans from shareholders	5	-	10 000 000
Current Liabilities			
Trade and other payables	9	360 756	383 898
Provision for water over recovered		90 000	90 000
Deposits		27 160	21 403
		477 916	495 301
Total Liabilities		477 916	10 495 301
Total Equity and Liabilities		14 301 015	10 429 034

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Annual Financial Statements for the year ended 28 February 2018

Statement of Comprehensive Income

Figures in Rand	Note(s)	2018	2017
Revenue	10	5 077 677	1 258 559
Other income		216 584	900 338
Operating expenses		(1 445 072)	(2 232 848)
Operating profit (loss)		3 849 189	(73 951)
Investment revenue	11	40 279	21 244
Finance costs		(102)	(43)
Profit (loss) for the year		3 889 366	(52 750)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		3 889 366	(52 750)

Welverdiend Properties Shareblock (Pty)Ltd

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Annual Financial Statements for the year ended 28 February 2018

Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Other reserve ¹	Other NDR	Total reserves	Retained income	Total equity
Balance at 01 March 2016	3 500	-	3 500	47 749	398 047	445 796	(782 716)	(333 420)
Loss for the year	-	-	-	-	-	-	(52 750)	(52 750)
Other comprehensive income	-	-	-	5 266	-	5 266	-	5 266
Total comprehensive loss for the year	-	-	-	5 266	-	5 266	(52 750)	(47 484)
Transfer between reserves	-	-	-	-	314 637	314 637	-	314 637
Total contributions by and distributions to owners of company recognised directly in equity	-	-	-	-	314 637	314 637	-	314 637
Balance at 01 March 2017	3 500	-	3 500	53 015	712 684	765 699	(835 466)	(66 267)
Profit for the year	-	-	-	-	-	-	3 889 366	3 889 366
Total comprehensive income for the year	-	-	-	-	-	-	3 889 366	3 889 366
Conversion of loan accounts to share premium	-	10 000 000	10 000 000	-	-	-	-	10 000 000
Other 2	-	-	-	-	(5)	(5)	-	(5)
Total contributions by and distributions to owners of company recognised directly in equity	-	10 000 000	10 000 000	-	(5)	(5)	-	9 999 995
Undefined Difference	-	-	-	-	5	5	-	5
Balance at 28 February 2018	3 500	10 000 000	10 003 500	53 015	712 684	765 699	3 053 900	13 823 099

Note(s)

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Wilverdiend Properties Shareblock (Pty)Ltd

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Annual Financial Statements for the year ended 28 February 2018

Statement of Cash Flows

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Cash generated from operations	13	3 158 915	226 219
Interest income		40 279	21 244
Finance costs		(102)	(43)
Net cash from operating activities		3 199 092	247 420
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(12 951 201)	-
Sale of property, plant and equipment	2	-	7 500
Sale of other intangible assets	3	9 316 077	-
Proceeds from loans from associates		39 727	53 052
Net cash from investing activities		(3 595 397)	60 552
Cash flows from financing activities			
Proceeds on share issue	8	10 000 000	-
Movement in deposits		5 757	(15 000)
Repayment of shareholders loan		(10 000 000)	-
Net cash from financing activities		5 757	(15 000)
Total cash movement for the year		(390 548)	292 972
Cash at the beginning of the year		974 864	361 989
Reserves transfer		707 795	319 903
Total cash at end of the year	7	1 292 111	974 864

Wilverdiend Properties Shareblock (Pty)Ltd

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Annual Financial Statements for the year ended 28 February 2018

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. 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

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs include 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.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Land	Period of the lease
Equipment	5 years
Office equipment	4 years

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.2 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at cost.

All research and development costs are recognised as an expense unless they form part of the cost of another asset that meets the recognition criteria.

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date if there are indicators present that there is a change from the previous estimate. At present the remaining period of the lease is used for the amortisation period.

Amortisation is provided to write down the intangible assets, on a straight line basis, to its residual value of RNil as at the end of the 99 year lease.

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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

Tax expense is recognised in the same component of total comprehensive income (i.e. continuing operations, discontinued operations, or other comprehensive income) or equity as the transaction or other event that resulted in the tax expense.

1.4 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.5 Provisions and contingencies

Provisions are recognised when:

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

1.6 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 monthly invoicing. The income of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;

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.

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

1.7 Borrowing costs

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

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Notes to the Annual Financial Statements

Figures in Rand	2018			2017		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
Land	12 951 201	-	12 951 201	-	-	-
Office equipment	4 460	(4 289)	171	4 460	(4 289)	171
Total	12 955 661	(4 289)	12 951 372	4 460	(4 289)	171

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Total
Land	-	12 951 201	12 951 201
Office equipment	171	-	171
	171	12 951 201	12 951 372

Reconciliation of property, plant and equipment - 2017

	Opening balance	Disposals	Depreciation	Total
Office equipment	1 509	-	(1 338)	171
Farm equipment	20 719	(8 833)	(11 886)	-
	22 228	(8 833)	(13 224)	171

3. Intangible assets

	2018			2017		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Long term lease over the property	-	1	1	10 023 872	(707 794)	9 316 078

Reconciliation of intangible assets - 2018

	Opening balance	Disposals	Total
Long term lease over property	9 316 078	(9 316 077)	1

Reconciliation of intangible assets - 2017

	Opening balance	Amortisation	Total
Long term lease over the property	9 417 269	(101 191)	9 316 078

Leased Property

The Intangible asset is a long term 99 year lease agreement over the property, Remaining Extent of Portion 6 of the farm Welverdiend 243, in the Limpopo Province. The lease expires on 11 July 2103 with an option period to 11 July 2202.

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
4. Loans to associates		
Associates		
Welverdiend Home Owners Association	-	39 727
The loan is unsecured, interest free and has no fixed terms of repayment.		
5. Loans to (from) shareholders		
Shareholders loans	-	(10 000 000)
The loan is unsecured, interest free and has no fixed terms of repayment.		
6. Trade and other receivables		
Trade receivables	57 531	98 194
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	1 292 111	974 864
8. Share capital		
Authorised		
4 000 Ordinary shares of R1 each	4 000	4 000
Issued		
3500 Ordinary shares at R1 each	3 500	3 500
Share premium	10 000 000	-
	10 003 500	3 500
9. Trade and other payables		
Trade payables	360 756	383 898
10. Revenue		
Levies and traversing income	1 263 833	921 522
Special levy	3 325 000	-
Miscellaneous other revenue and recoveries	488 844	337 037
	5 077 677	1 258 559
11. Investment revenue		
Interest revenue		
Other interest	40 279	21 244
12. Taxation		
No provision has been made for 2018 tax as the company has no taxable income.		

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
13. Cash generated from operations		
Profit (loss) before taxation	3 889 366	(52 750)
Adjustments for:		
Depreciation and amortisation	(707 795)	114 415
Loss on sale of assets	-	1 333
Interest received	(40 279)	(21 244)
Finance costs	102	43
Changes in working capital:		
Trade and other receivables	40 663	(127 161)
Trade and other payables	(23 142)	311 583
	3 158 915	226 219

Wolverdiend Properties Shareblock (Pty)Ltd

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Detailed Income Statement

Figures in Rand	Note(s)	2018	2017
Revenue			
Levies and traversing income		1 263 833	921 522
Special levy		3 325 000	-
Levies - Municipal Rates and Taxes		488 844	337 037
	10	5 077 677	1 258 559
Other income			
Building levies		-	534 676
Electricity Network Charges		-	161 070
Electricity recoveries		140 596	144 838
Interest received	11	40 279	21 244
Sundry income		835	4 544
Water recoveries		75 153	55 210
		256 863	921 582
Expenses (Refer to page 16)			
		(1 445 072)	(2 232 848)
Operating profit (loss)		3 889 468	(52 707)
Finance costs		(102)	(43)
Profit (loss) for the year		3 889 366	(52 750)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		3 889 366	(52 750)

Wolverdiend Properties Shareblock (Pty)Ltd

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Annual Financial Statements for the year ended 28 February 2018

Detailed Income Statement

Figures in Rand	Note(s)	2018	2017
Operating expenses			
Accounting fees		(25 975)	(36 480)
Administration and management fees		(80 935)	(80 500)
Advertising		-	(756)
Assessment rates & municipal charges		(558 610)	(360 773)
Bank charges		(14 196)	(13 554)
Depreciation, amortisation and impairments		707 795	(114 415)
Electricity costs		(290 669)	(330 063)
General expenses		(2 150)	(24 662)
Insurance		(4 063)	(9 405)
Legal expenses		(579 097)	(610 122)
Loss on disposal of assets		-	(1 333)
Maintenance - Building		-	(3 431)
Maintenance - Dam		-	(5 860)
Maintenance - Ecological		-	(1 000)
Maintenance - Fence		(19 859)	(78 012)
Maintenance - Roads		(407 903)	(321 969)
Management fees		(61 845)	(67 500)
Printing and stationery		-	(66)
Radio communications		(2 657)	(6 862)
Repairs and other maintenance		(600)	-
Secretarial fees		-	(7 500)
Security		(77 652)	(144 163)
Waste		(18 981)	(6 378)
Water costs		(7 675)	(8 044)
		(1 445 072)	(2 232 848)