

HERMANUSDOORNS SHAREBLOCK LIMITED
(REGISTRATION NUMBER 1991/006901/06)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2014

Russell James and Company Incorporated
Chartered Accountants (S.A.)
Registered Auditor
Issued 27 June 2014

Hermanusdoorns Shareblock Limited

(Registration number 1991/006901/06)

Annual Financial Statements for the year ended 28 February 2014

Index

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

| Contents | Page |
|---|-------------|
| Independent Auditor's report | 2 - 3 |
| Directors' Responsibilities and Approval | 4 |
| Directors' Report | 5 - 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 - 15 |
| Notes to the Annual Financial Statements | 16 - 20 |
| The following supplementary information does not form part of the annual financial statements and is unaudited: | |
| Statement of Financial Performance/Detailed income statement | 21 - 22 |
| Level of assurance | |

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act No 71 of 2008 and Share Blocks Control Act of 1980.

Independent Auditor's report

To the shareholders of Hermanusdoorns Shareblock Limited

We have audited the accompanying annual financial statements of Hermanusdoorns Shareblock Limited, which comprise the directors' report, the statement of financial position as at 28 February 2014, the statement of comprehensive income, the 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 5 to 20.

Directors Responsibility for the 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 in the manner required by the Companies Act No 71 of 2008 and Share Blocks Control Act of 1980. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual 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

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we 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 auditors 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 the directors, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company as of 28 February 2014, 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 Companies Act No 71 of 2008 and Share Blocks Control Act of 1980.

Independent Auditor's report

Other reports required by the Companies Act

As part of our review of the annual financial statements for the year ended 28 February 2014, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between these reports and the reviewed annual financial statements. This report is the responsibility of the respective preparer. Based on reading this report we have not identified material inconsistencies between this report and the reviewed annual financial statements. However, we have not reviewed this report and accordingly do not express a conclusion on this report.

Supplementary Information

We draw your attention to the fact that the supplementary information set out on pages 20 - 21 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Russell James and Company Incorporated
Chartered Accountants (S.A.)
Registered Auditor

Per: C.Maritz
27 June 2014
Mulbarton

Hermanusdoorns Shareblock Limited

(Registration number 1991/006901/06)

Annual Financial Statements for the year ended 28 February 2014

Directors' Responsibilities and Approval

The directors are required by the Companies Act No 71 of 2008 and Share Blocks Control Act of 1980, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are 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 judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the company's cash flow forecast for the year to 28 February 2015 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 annual financial statements. The annual financial statements have been examined by the company's external auditor's and their report is presented on page 2.

The annual financial statements set out on page 5 to 18, which have been prepared on the going concern basis, were approved by the directors on 27 June 2014 and were signed on its behalf by:

Director

Director

Mulbarton

27 June 2014

Hermanusdoorns Shareblock Limited

(Registration number 1991/006901/06)

Annual Financial Statements for the year ended 28 February 2014

Directors' Report

The directors submit their report for the year ended 28 February 2014.

1. Review of activities

Main business and operations

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

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

The results of the company's activities for the period under review are as follows;

| | 2014 | 2013 |
|--|----------------|----------------|
| Surplus/(deficit) for the year | (266,115) | 307,473 |
| Capital assets acquired and expensed | 546,009 | 9,736 |
| Adjustment to the cost price of generator acquired in 2012 | - | (51,443) |
| Surplus excluding capital assets expensed | <u>279,894</u> | <u>265,766</u> |

During the year under review the directors of the company became aware of the abuse of certain of the company assets. This breach of the internal controls of the company was detected and the directors took the necessary corrective action to ensure no future reoccurrence.

2. Going concern

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

3. Events after the reporting period

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

4. Capital

The objectives when managing capital is;

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

The amount of capital required is dependant on the directors' assessment of the capital required to enhance and maintain the operations of the company. The directors manage the capital structure and make adjustments to it, in light of changes in economic conditions and the risk characteristics of the company's underlying assets. In order to maintain or adjust the capital structure, the company may adjust the amount

Hermanusdoorns Shareblock Limited

(Registration number 1991/006901/06)

Annual Financial Statements for the year ended 28 February 2014

Directors' Report

4. Capital (continued)

of levies raised from its shareholders, issue additional shares, raise external finance or as a last resort sell assets to finance any shortfall.

During the course of the year under review the company was required, due to cash flow constraints, to raise a short term loan from one of the directors. The amount borrowed was R180,000, which was repaid during the course of the year and the company incurred borrowing costs of R6,221 on this loan.

As the 28 February 2014 and 28 February 2013, the company had no long term debt.

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

5. Authorised and issued share capital

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

6. Directors

The directors of the company during the year and to the date of this report are as follows:

| | |
|----------------|-----------------------------|
| Name | |
| M.J. Perrie | |
| J.G. Hill | |
| M.H.Fikkert | |
| A.S.Du Plessis | |
| C.A.Hattingh | |
| J.Kotze | Appointed 10 August 2013 |
| C.Ross | Appointed 10 August 2013 |

7. Directors' interest in shares

At the financial year end the directors had the following direct and indirect interest in the company's issued shares;

| | Beneficial | | Non-beneficial | |
|-----------------|------------|------|----------------|------|
| | 2014 | 2013 | 2014 | 2013 |
| Ordinary shares | | | | |
| Directly | 3 | 2 | - | - |
| Indirectly | 6 | 5 | - | - |

Hermanusdoorns Shareblock Limited

(Registration number 1991/006901/06)

Annual Financial Statements for the year ended 28 February 2014

Directors' Report

8. Secretary

The secretary of the company is Profin Financial Services (Proprietary) Limited of:

Business address

21 The Broads
Mulbarton
2059

Postal address

P.O.Box 861
Glenvista
2058

9. Auditors

Russell James and Company Incorporated will continue in office in accordance with section 90 of the Companies Act of 2008.

Hermanusdoorns Shareblock Limited
 (Registration number 1991/006901/06)
 Annual Financial Statements for the year ended 28 February 2014

Statement of Financial Position

| | Note(s) | 2014 R | 2013 R |
|-------------------------------------|---------|------------------|------------------|
| Assets | | | |
| Non-current Assets | | | |
| Loan asset | 2 | - | - |
| Current Assets | | | |
| Inventories | 3 | 16,973 | 10,304 |
| Levies and other receivables | 4 | 1,035,916 | 748,569 |
| Cash and cash equivalents | 5 | 794,393 | 1,170,217 |
| | | 1,847,282 | 1,929,090 |
| Total Assets | | 1,847,282 | 1,929,090 |
| Equity and Liabilities | | | |
| Equity | | | |
| Share capital | 6 | 1,710,586 | 1,710,586 |
| Other reserves | 7 | 2,180,000 | 2,180,000 |
| Accumulated loss | | (4,412,192) | (4,146,077) |
| | | (521,606) | (255,491) |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables | 8 | 205,600 | 132,946 |
| Levies in advance | 9 | 2,163,288 | 2,051,635 |
| | | 2,368,888 | 2,184,581 |
| Total Equity and Liabilities | | 1,847,282 | 1,929,090 |

Hermanusdoorns Shareblock Limited

(Registration number 1991/006901/06)

Annual Financial Statements for the year ended 28 February 2014

Statement of Comprehensive Income

| | Note(s) | 2014 R | 2013 R |
|--|---------|------------------|----------------|
| Revenue | 10 | 1,926,788 | 1,784,605 |
| Other income - (refer to page 21) | | 201,314 | 169,482 |
| Operating expenses - (refer to page 22) | | (1,875,529) | (1,715,167) |
| Capital assets (expensed)/reduction (refer to page 22) | | (546,009) | 41,707 |
| Operating (deficit)/surplus | 11 | (293,436) | 280,627 |
| Investment revenue | 12 | 33,691 | 26,847 |
| Finance costs | 13 | (6,370) | (1) |
| (Deficit)/surplus for the year | | (266,115) | 307,473 |
| Other comprehensive income | | - | - |
| Total comprehensive (loss) income for the year | | (266,115) | 307,473 |

Hermanusdoorns Shareblock Limited

(Registration number 1991/006901/06)

Annual Financial Statements for the year ended 28 February 2014

Statement of Changes in equity

| | Share capital R | Share premium R | Total share capital R | Other reserves R | Retained earnings R | Total equity R |
|--|--------------------|-----------------------|-----------------------------|------------------------|---------------------------|-------------------|
| Balance at 01 March 2012 | 100,000 | 1,610,586 | 1,710,586 | 2,180,000 | (4,453,550) | (562,964) |
| Changes in equity | | | | | | |
| Surplus for the year | - | - | - | - | 307,473 | 307,473 |
| Total changes | - | - | - | - | 307,473 | 307,473 |
| Balance at 01 March 2013 | 100,000 | 1,610,586 | 1,710,586 | 2,180,000 | (4,146,077) | (255,491) |
| Changes in equity | | | | | | |
| Deficit for the year | - | - | - | - | (266,115) | (266,115) |
| Total changes | - | - | - | - | (266,115) | (266,115) |
| Balance at 28 February 2014 | 100,000 | 1,610,586 | 1,710,586 | 2,180,000 | (4,412,192) | (521,606) |
| Note(s) | 6 | 6 | 6 | 7 | | |

Hermanusdoorns Shareblock Limited
 (Registration number 1991/006901/06)
 Annual Financial Statements for the year ended 28 February 2014

Statement of Cash Flows

| | Note(s) | 2014 R | 2013 R |
|---|---------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash (used in) generated from operations | 17 | (403,143) | 445,999 |
| Interest revenue | | 33,691 | 26,847 |
| Finance costs | | (6,370) | (1) |
| Net cash from operating activities | | (375,822) | 472,845 |
| Total cash movement for the year | | | |
| Cash and cash equivalents at the beginning of the year | | 1,170,217 | 697,372 |
| Total cash and cash equivalents at end of the year | 5 | 794,395 | 1,170,217 |

Hermanusdoorns Shareblock Limited

(Registration number 1991/006901/06)

Annual Financial Statements for the year ended 28 February 2014

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 No 71 of 2008 and Share Blocks Control Act of 1980. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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

Financial assets measured at cost and amortised cost

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

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

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

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

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

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

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

Hermanusdoorns Shareblock Limited

(Registration number 1991/006901/06)

Annual Financial Statements for the year ended 28 February 2014

Accounting Policies

1.3 Financial instruments

Recognition

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

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

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

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

1.4 Tax

Current tax assets and liabilities

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.

Deferred tax assets and liabilities

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities and their tax bases, using tax rates that have been enacted or substantially enacted at the reporting date, and taking cognisance of the manner in which the entity expects to recover or settle the carrying amounts of its assets and liabilities. Deferred tax liabilities are recognised for temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for temporary differences that are expected to reduce taxable profit in the future, and for the carry-forward of unused tax losses and unused tax credits. Furthermore, a valuation allowance is recognised against a deferred tax asset so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit. The valuation allowance is reviewed at each reporting date.

1.5 Inventories

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

Hermanusdoorns Shareblock Limited

(Registration number 1991/006901/06)

Annual Financial Statements for the year ended 28 February 2014

Accounting Policies

1.5 Inventories (continued)

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

1.6 Impairment of assets

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

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.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.7 Share capital and equity

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

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.9 Revenue

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

- Revenue from levies with respect to the financial year under review is recognised on an accrual basis when levies are due and payable by members, in accordance with the approved levies structure. Levies received in advance are deferred and recognised on a straight line basis with respect to the period to which they relate.
- Revenue from rendering of ancillary services to the members are recognised on the accrual basis and is therefore recognised in the statement of profit or loss when the invoices are raised.
- Revenue in the form of interest income is recognised using the effective interest method to allocate the interest income over the expected life of the financial asset concerned.

Hermanusdoorns Shareblock Limited
(Registration number 1991/006901/06)
Annual Financial Statements for the year ended 28 February 2014

Accounting Policies

1.10 Borrowing costs

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

Hermanusdoorns Shareblock Limited
 (Registration number 1991/006901/06)
 Annual Financial Statements for the year ended 28 February 2014

Notes to the Annual Financial Statements

| | 2014 R | 2013 R |
|--|------------------|------------------|
| 2. Loan asset | | |
| Cumulative amount owing by the shareholders to cover any loan obligation of the company to the scheme assets | - | - |
| <p>The loan asset has been realised in full since the company has no loan obligations as at the reporting date.</p> <p>Information in respect of the scheme assets under the identified share block scheme</p> <p>The details provided in this section is for the information of the shareholders only. The value of use of the property owned by the shareholders (each shareholder owning his/her/its allocated portion) is reflected in the value of the shares and not in the company's financial statements.</p> <p>Land, buildings and improvements at cost</p> <ul style="list-style-type: none"> • The farm 650 of the farm Hermanusdoorns in the registration division KQ Northern Province; • The remaining portion of farm LA Rive 592 in the registration division KQ Northern Province; | | |
| Purchase price and costs prior to 2011 | 7,205,356 | 7,205,356 |
| 2011 improvements | 362,656 | 362,656 |
| 2012 improvements | 181,107 | 181,107 |
| 2013 improvements | 9,736 | 9,736 |
| 2014 improvements | 276,004 | - |
| | 8,034,859 | 7,758,855 |
| Other classes of scheme assets at cost | | |
| Farm equipment | 828,247 | 822,882 |
| Motor vehicles | 985,400 | 769,946 |
| Office equipment | 27,811 | 27,811 |
| Computer equipment | 32,615 | 25,845 |
| Furniture and fittings | 83,131 | 40,715 |
| | 1,957,204 | 1,687,199 |
| Total scheme assets at cost | 9,992,063 | 9,446,054 |
| 3. Inventories | | |
| Tuck shop supplies | 16,973 | 10,304 |

Hermanusdoorns Shareblock Limited
 (Registration number 1991/006901/06)
 Annual Financial Statements for the year ended 28 February 2014

Notes to the Annual Financial Statements

| | 2014 | 2013 |
|---|------------------|------------------|
| | R | R |
| 4. Levies and other receivables | | |
| Levies receivable | 922,508 | 621,253 |
| Deposits | 26,188 | 26,188 |
| Prepayments | 3 | 41,893 |
| VAT | 87,217 | 59,235 |
| | 1,035,916 | 748,569 |
| 5. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Cash on hand | 2,500 | 2,500 |
| Bank balances | 551,688 | 1,033,176 |
| Short-term deposits | 240,205 | 134,541 |
| | 794,393 | 1,170,217 |
| 6. Share capital | | |
| Authorised | | |
| 104 Ordinary shares of R1,000 each | 104,000 | 104,000 |
| | 104,000 | 104,000 |
| Reconciliation of number of shares issued: | | |
| Reported as at end of February | 100,000 | 100,000 |
| | 100,000 | 100,000 |
| Issued | | |
| Ordinary | 100,000 | 100,000 |
| Share premium | 1,610,586 | 1,610,586 |
| | 1,710,586 | 1,710,586 |
| 7. Other reserves | | |
| Surplus from the transfer of shares | 2,180,000 | 2,180,000 |
| | 2,180,000 | 2,180,000 |
| 8. Trade and other payables | | |
| Deposits received - building | - | 18,591 |
| Obligation in respect of generator | 76,961 | 99,161 |
| Trade and other payables | 128,639 | 15,194 |
| | 205,600 | 132,946 |

Hermanusdoorns Shareblock Limited

(Registration number 1991/006901/06)

Annual Financial Statements for the year ended 28 February 2014

Notes to the Annual Financial Statements

| | 2014 | 2013 |
|--|------------------|------------------|
| | R | R |
| 8. Trade and other payables (continued) | | |
| During the course of the 2012 financial year end the company acquired a generator with fair value of R171,443 from one of the shareholders. During the course of the 2013 financial year the parties, by mutual agreement agreed to reduce the consideration due by R51,443. It is the intention of the parties to settle the obligation by setting off future levies due from the shareholder against the obligation until settled in full. | | |
| Reconciliation of obligation in respect of generator: | | |
| Obligation recognised during the 2012 year end | 171,443 | 171,443 |
| Adjustment to the purchase price | (51,443) | (51,443) |
| Offset of the levies due from shareholder in respect of the 2013 year end | (20,839) | (20,839) |
| Offset of the levies due from shareholder in respect of the 2014 year end | (22,200) | - |
| | <u>76,961</u> | <u>99,161</u> |
| 9. Levies in advance | | |
| The amounts represent levies in advance from the members for the periods listed below. Levies in advance relate to the following periods and categories: | | |
| <i>Levies - for the next financial year</i> | | |
| It is the policy of the company to invoice the levies due from the members for the next financial year in February of the current year. As a result the levies for the year ended 28 February 2015 were invoiced during February 2014 and the levies for 28 February 2014 were invoiced during February 2013. | | |
| 1 March 2013 to 28 February 2014 | - | 1,895,193 |
| 1 March 2014 to 28 February 2015 | 2,040,475 | - |
| <i>Levies - five year payment option</i> | | |
| It was the policy of the company to offer discount to the members who pay their levies five years in advance. These levies are recognised as income on a straight line basis over the period to which they relate. The company no longer offers its members the option of paying their levies 5 years in advance and the amounts listed below are the residual amounts still due to members for the periods listed. | | |
| 1 March 2010 to 28 February 2015 | - | 25,263 |
| 1 March 2011 to 28 February 2016 | 122,813 | 131,179 |
| | <u>2,163,288</u> | <u>2,051,635</u> |

Hermanusdoorns Shareblock Limited
 (Registration number 1991/006901/06)
 Annual Financial Statements for the year ended 28 February 2014

Notes to the Annual Financial Statements

| | 2014 | 2013 |
|--|---------------|---------------|
| | R | R |
| 10. Revenue | | |
| Levies raised | 1,926,788 | 1,784,605 |
| 11. Operating (deficit)/surplus | | |
| Operating deficit for the year is stated after accounting for the following: | | |
| Adjustment to cost price - barter transaction (see note 8 for details) | - | (51,443) |
| Administration fees | 94,762 | 112,901 |
| Bad debts | 44,400 | 75,577 |
| Capital assets expensed | 546,009 | 9,736 |
| Electricity and other related expenses (net of recoveries) | 178,600 | 99,302 |
| Employee costs | 976,753 | 854,962 |
| Insurance | 41,258 | 41,908 |
| Motor vehicle expenses | 203,423 | 225,662 |
| Repairs and maintenance | 159,661 | 168,051 |
| 12. Investment revenue | | |
| Interest revenue | | |
| Interest source - deposits | - | 1,083 |
| Interest received - bank | 33,691 | 25,764 |
| | 33,691 | 26,847 |
| 13. Finance costs | | |
| Bank | 149 | 1 |
| Director's loan | 6,221 | - |
| | 6,370 | 1 |
| 14. Taxation | | |
| Major components of the tax expense | | |
| No provision was made for taxation as the company is, in terms of Section 10(1)(e) of the Income Taxation Act 58 of 1962, exempt from taxation on any levy income it receives. | | |
| In addition, the aforementioned section provides that the body corporate is exempt from income taxation on any other receipts or accruals up to R50,000 per annum. | | |

Hermanusdoorns Shareblock Limited
 (Registration number 1991/006901/06)
 Annual Financial Statements for the year ended 28 February 2014

Notes to the Annual Financial Statements

| | 2014 | 2013 |
|--|------------------|----------------|
| | R | R |
| 15. Auditor's' remuneration | | |
| Fees | 42,500 | 30,625 |
| Tax and secretarial services | 4,850 | 4,650 |
| Consulting - preparation of comparative financial statements | - | 15,000 |
| | 47,350 | 50,275 |
| 16. Directors' emoluments | | |
| No emoluments were paid to the directors during the year. | | |
| 17. Cash (used in) generated from operations | | |
| (Loss) profit before taxation | (266,115) | 307,473 |
| Adjustments for: | | |
| Interest received | (33,691) | (26,847) |
| Finance costs | 6,370 | 1 |
| Changes in working capital: | | |
| Inventories | (6,669) | (721) |
| Levies and other receivables | (287,346) | 460,361 |
| Trade and other payables | 72,654 | (363,496) |
| Levies in advance - net movement | 111,654 | 69,228 |
| | (403,143) | 445,999 |

18. Related parties

Transactions with members

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

During the year under review the company raised a loan from one of its shareholders to permit the company to meet its short term commitments as they fell due. The loan which was repaid before the 28 February 2014, was unsecured and bore interest at a rate linked to the prime bank overdraft rate. The interest paid on the loan is reflected in note 13 of the financial statements.

Directors and directors' interest in shares.

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

Hermanusdoorns Shareblock Limited

(Registration number 1991/006901/06)

Financial Statements for the year ended 28 February 2014

Statement of Financial Performance

28 February 2014

| | Notes | Gross receipts | Direct costs | Net |
|---------------------------------------|-------|------------------|-----------------|------------------|
| Revenue | | | | |
| Levies received from members | 10 | <u>1,926,788</u> | - | <u>1,926,788</u> |
| Other income | | | | |
| Alarm monitoring | | 32,838 | - * | 32,838 |
| Cleaning services | | 117,035 | - * | 117,035 |
| Net building income | | - | 254 * | (254) |
| Maintenance income | | 37,130 | - * | 37,130 |
| Tuck shop surplus | | <u>31,690</u> | <u>17,125</u> * | <u>14,565</u> |
| | | <u>218,693</u> | <u>17,379</u> | <u>201,314</u> |
| Expenses (refer to page 22) | | | | <u>2,421,538</u> |
| Operating deficit for the year | | | | (293,436) |
| Interest received | 12 | | | 33,691 |
| Finance costs | 13 | | | <u>(6,370)</u> |
| Deficit for the year | | | | (266,115) |

28 February 2013

| | | | | |
|---------------------------------------|----|------------------|-----------------|------------------|
| Revenue | | | | |
| Levies received from members | 10 | <u>1,784,605</u> | - | <u>1,784,605</u> |
| Other income | | | | |
| Alarm monitoring | | 29,100 | - * | 29,100 |
| Cleaning services | | 97,567 | - * | 97,567 |
| Conversion fees recovered | | 5,300 | | 5,300 |
| Net building income | | 232,085 | 195,412 * | 36,673 |
| Recovery of general expenses | | 551 | - * | 551 |
| Tuck shop surplus | | <u>35,821</u> | <u>35,530</u> * | <u>291</u> |
| | | <u>400,424</u> | <u>230,942</u> | <u>169,482</u> |
| Expenses (refer to page 22) | | | | <u>1,673,460</u> |
| Operating surplus for the year | | | | 280,627 |
| Interest received | 12 | | | 26,847 |
| Finance costs | 13 | | | <u>(1)</u> |
| Surplus for the year | | | | 307,473 |

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

Hermanusdoorns Shareblock Limited

(Registration number 1991/006901/06)

Financial Statements for the year ended 28 February 2014

Statement of financial Performance

28 February 2014

| | | Costs | Recoveries | Net |
|--|----|------------------|----------------|------------------|
| Expenses - overheads | | | | |
| Administration fees | | 94,762 | - | 94,762 |
| Auditors remuneration | 15 | 47,350 | - | 47,350 |
| Bad debts | | 44,400 | - | 44,400 |
| Bank charges | | 9,287 | - | 9,287 |
| Cleaning | | 1,110 | - | 1,110 |
| Compensation commissioner | | 17,443 | - | 17,443 |
| Computer expenses | | 12,040 | - | 12,040 |
| Capital assets reduction | | 546,009 | - | 546,009 |
| Donations | | 2,500 | - | 2,500 |
| Electricity and other related expenses | | 357,046 | 178,446 | 178,600 |
| Employee costs | | 976,753 | - | 976,753 |
| Insurance | | 41,258 | - | 41,258 |
| Legal expenses | | 42,941 | 3,475 | 39,466 |
| License fees - radios | | 900 | - | 900 |
| Motor vehicle expenses | | 203,423 | - | 203,423 |
| Printing and stationery | | 7,493 | - | 7,493 |
| Protective clothing | | 6,162 | - | 6,162 |
| Repairs and maintenance | | 159,661 | - | 159,661 |
| Secretarial fees | | 2,975 | - | 2,975 |
| Subscriptions | | 21,066 | - | 21,066 |
| Telephone and fax | | 8,880 | - | 8,880 |
| | | <u>2,603,459</u> | <u>181,921</u> | <u>2,421,538</u> |

28 February 2013

| | | Costs | Recoveries | Net |
|--|----|------------------|----------------|------------------|
| Expenses - overheads | | | | |
| Administration fees | | 112,901 | - | 112,901 |
| Auditors remuneration | 15 | 50,275 | - | 50,275 |
| Bad debts | | 75,577 | - | 75,577 |
| Bank charges | | 12,484 | - | 12,485 |
| Capital assets reduction | | (41,707) | - | (41,707) |
| Compensation commissioner | | 36,901 | - | 36,901 |
| Computer expenses | | 600 | - | 600 |
| Electricity and other related expenses | | 260,595 | 161,293 | 99,302 |
| Employee costs | | 854,962 | - | 854,962 |
| Insurance | | 41,908 | - | 41,908 |
| Legal expenses | | 8,075 | 6,023 | 2,051 |
| Motor vehicle expenses | | 225,662 | - | 225,662 |
| Repairs and maintenance | | 168,051 | - | 168,051 |
| Secretarial fees | | 3,497 | - | 3,497 |
| Subscriptions | | 14,894 | - | 14,894 |
| Telephone and fax | | 11,290 | - | 11,290 |
| Training | | 4,811 | - | 4,811 |
| | | <u>1,840,776</u> | <u>167,316</u> | <u>1,673,460</u> |