

PORT ALFRED SANDS



PORT ALFRED SANDS SHARE BLOCK LIMITED
(REG. NO. 1986/000374/06)

ANNUAL REPORT: DECEMBER 2015

AGM: 19 OCTOBER 2016



THE SHARE BLOCK OF PORT ALFRED SANDS
(Registration No. SS16/1991)
Directors: HM Adams, RM Bradfield, BM Ezra

26 September 2016

NOTICE TO SHARE HOLDERS

ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN OF THE ANNUAL GENERAL MEETING
OF PORT ALFRED SANDS SHARE BLOCK LIMITED THAT WILL TAKE PLACE ON:

DATE: WEDNESDAY, 19 OCTOBER 2016

VENUE: CLUB LEISURE GROUP, 1 CROMPTON STREET, PINETOWN

TIME: 15H30


J. Jordaan
Managing Director
FIRST RESORTS AND HOTEL MANAGEMENT (PTY) LTD



P O Box 1287, Pinetown, 3600
Tel : 00 27 31 7177593
Fax : 00 27 31 7019964
E-mail : johannj@firstresorts.co.za

PORT ALFRED SANDS SHARE BLOCK LIMITED

(Registration No.: 1986/000374/06)

DIRECTORS

Messrs HM Adams
RM Bradfield
B Ezra

MANAGING AGENTS, COMPANY AND TRANSFER SECRETARIES

First Resorts and Hotel Management (Pty) Ltd.)
1 Crompton Street
PINETOWN
3610

P.O. Box 1287
PINETOWN
3600

Tel: (031) 7177593
e-mail: info@firstresorts.co.za

Fax: (031) 7091680

AUDITORS

Moore Stephens CJL
5th Floor The Spinnaker
Albert Terrace
DURBAN
4001

P.O. Box 11800
MARINE PARADE
4056

BANKERS

Standard Bank
PINETOWN

PORT ALFRED SANDS SHARE BLOCK LIMITED

(Registration No: 1986/000374/06)

INDEX

PAGES

For your information we enclose the following documents:

1.	Agenda for the Meeting	01-02
2.	Explanatory Notes of the Meeting Notice and Agenda	03
3.	Minutes of the Annual General Meeting held on 21 October 2015	04-06
4.	Audited Financial Statements for the year ended 31 December 2015	07-24
5.	Insurance Summary	25
6.	Credit Card Facility	26
7.	Member Information Form	27
8.	Form of Nomination	28
9.	Form of Proxy	29-30

PORT ALFRED SANDS SHARE BLOCK LIMITED

(Registration No.: 1986/000374/06)

NOTICE is hereby given that an Annual General Meeting of Shareholders of Port Alfred Sands Share Block Limited will be held at 1 Crompton Street, Pinetown, on
Wednesday, 19 October 2016 at 15h30

AGENDA

1. Welcome
 2. Notice of Meeting
 3. Attendance, proxies and apologies
 4. Establishment of Quorum
 5. Appointment of Chairman
 6. Presentation of Minutes of Annual General Meeting held on 21 October 2015
 7. Matters arising from the Minutes
 8. Presentation of Chairman's Report (verbally)
-
9. Presentation of Audited Annual Financial Statements, together with the Directors' Report, the Auditors Report and the Audit Committee Report, in respect of the year ended 31 December 2015
 10. Approval of Auditor's remuneration
 11. Appointment of Auditors for the financial year ending 31 December 2016
 12. To determine the number of Directors for the ensuing year
 13. Election of Directors
Mr HM Adams retires by rotation but being eligible, he offers himself for re-election. Election of Directors to be considered with other nominations submitted, if any.
 14. Appointment of Audit Committee
Two Directors of the Company for appointment to the Company's Audit Committee

15. Presentation and acceptance of Insurance Values, subject to any amendment

16. A levy for 2017 will be determined applicable to units remaining unsold in 2017

17. Interest rate charged on arrear levies

18. Approval of Directors' Remuneration

NOTE: In terms of Section 66(9) of the Companies Act, the remuneration of the Directors must be approved by a Special Resolution of Members.

19. General



BY ORDER OF THE BOARD

First Resorts and Hotel Management (Pty) Ltd

Per: J Jordaan

Pinetown, 26 September 2016

NOTES:

1. A member entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy need not be a Member of the Company.
The proxy form attached hereto must be completed and received at the registered office of the Company at least 48 (FORTY EIGHT) hours before the scheduled commencement time of the meeting.
2. In terms of the Companies Act, 2008 the participants in the meeting – Members or their Proxy – must provide reasonably satisfactory identification before being entitled to attend or participate in the meeting. Forms of identification include a valid identity document, driver's licence or passport.

EXPLANATORY NOTES OF THE MEETING NOTICE AND AGENDA

1. **Record Date**

The record date set by the Board in terms of *Section 59(1)* of the Companies Act, which is the date on which the Company's security register is closed for the purpose of determining which members are entitled to receive this Notice, and to participate in and vote at this Annual General Meeting is 27 September 2016.

2. **Proxies**

In terms of *Section 58* of the Companies Act, each member of the Company entitled to attend and vote at this Annual General Meeting, is entitled to appoint a proxy to attend, participate and vote at the Annual General Meeting in the place of the member.

A proxy need not be a member of the Company.

Further information regarding proxies, including a proxy form, is included in the Annual Report.

3. **Identification**

In terms of *Section 62(1)* of the Companies Act, members or their proxy must provide reasonably satisfactory identification before attending and participating in the Annual General Meeting, and the person presiding at the Annual General Meeting must be reasonably satisfied that the right of a person to participate and vote has been reasonably verified, before they will be permitted to so participate and vote.

4. **Chairman**

In terms of the MOI, the Chairman of the Board of Directors shall preside at the Annual General Meeting.

If the Chairman is not present, or is unwilling to preside, one of the Directors present will chair the Annual General Meeting.

5. **Quorum**

In accordance with the Company's MOI, the quorum for an Annual General Meeting is 3 persons representing 1% of the share capital.

6. **Voting**

6.1 **Ordinary Resolution**

In terms of the Company's MOI, 50% (Fifty Percent) of the votes cast on an ordinary resolution by members present or represented and voting at the Annual General Meeting in favour of the ordinary resolution, are required for it to be adopted.

6.2 **Special Resolution**

In terms of the Company's MOI, 75% (Seventy Five Percent) of the votes cast on a special resolution by members present or represented and voting at the Annual General Meeting in favour of the special resolution, are required for it to be adopted.

7. **Directors**

In terms of the Company's MOI, Directors serve a certain term of year/s thus one half of the Directors retire each year, with the remaining Directors continuing in office. Retiring Directors are eligible for re-election.

8. **Nomination of Directors**

As part of the Annual Report, is the form for the nomination of individuals for election as Directors of the Company at the Annual General Meeting.

Details regarding the delivery of completed nomination forms are set out on the form itself.

Directors nominated must sign their consent to be *nominated*, and if *elected*, for the election to be effective, must deliver to the Company their consent in writing to serve the Company as a Director. *Section 66 (7) (b)*.

9. **Remuneration of Directors**

In accordance with *Section 66(9)* of the Companies Act, any remuneration of the Directors must be approved by the members at the Annual General Meeting by Special Resolution.

PORT ALFRED SANDS SHARE BLOCK LIMITED

(Registration No. 1986/000374/06)

MINUTES OF THE ANNUAL GENERAL MEETING

HELD AT CLUB LEISURE GROUP, 1 CROMPTON STREET, PINETOWN

ON WEDNESDAY, 21 OCTOBER 2015 AT 11H00

PRESENT:

Mr H M Adams

In the Chair

Mr B Ezra

Alternate to Mr R Bradfield

Members present in person or by proxy as per the attendance register

IN ATTENDANCE:

Representing First Resorts and Hotel Management (Pty) Ltd

Mr M Hanekom

Ms F Lingard

1. WELCOME

Mr Adams welcomed all present.

2. NOTICE OF MEETING

It was unanimously agreed that the notice of the meeting, having been circulated, be taken as read.

3. ATTENDANCE, PROXIES AND APOLOGIES

Apologies were recorded from Mr M O'Sullivan and from Mr R Bradfield, who had nominated Mr B Ezra as his alternate.

The Managing Agent tabled 1 proxy totalling 3534 shares, which had been received within the prescribed time.

4. ESTABLISHMENT OF A QUORUM

Mr Hanekom confirmed that a quorum was present and declared the meeting properly constituted.

5. APPOINTMENT OF CHAIRMAN

Mr Adams, the Chairman of the Board of Directors, was elected to chair the meeting.

6. PRESENTATION OF THE MINUTES OF ANNUAL GENERAL MEETING HELD ON 22 OCTOBER 2014

Ordinary Resolution No. 1

Resolved that:

The Minutes of the Annual General Meeting of the Company held on 22 October 2014 be, and are hereby, accepted.

7. MATTERS ARISING FROM THE MINUTES OF THE ANNUAL GENERAL MEETING HELD ON 22 OCTOBER 2014

No matters were raised.

8. PRESENTATION OF CHAIRMAN'S REPORT

The Chairman delivered a verbal report which was accepted as presented.

9. PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS, TOGETHER WITH THE DIRECTORS' REPORT, THE AUDITORS REPORT AND THE AUDIT COMMITTEE REPORT, IN RESPECT OF THE YEAR ENDED 31 DECEMBER 2014

Ordinary Resolution No. 2

Resolved that:

The Audited Financial Statements, together with the reports of the Directors, Auditors and Audit Committee, in respect of the year ended 31 December 2014 be, and are hereby, accepted.

10. APPROVAL OF AUDITOR'S REMUNERATION

Ordinary Resolution No. 3

Resolved that:

Payment of the Auditor's remuneration in the sum of R33,110 for the year ending 31 December 2014 be, and is hereby approved.

11. APPOINTMENT OF AUDITORS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2015

Ordinary Resolution No. 4

Resolved that:

Messrs Moore Stephens CJL be appointed to serve as the Auditors of the Company for the financial year ending 31 December 2015.

12. DETERMINE THE NUMBER OF DIRECTORS FOR THE ENSUING YEAR

Ordinary Resolution No. 5

Resolved that:

The number of Directors to serve on the Board for the ensuing year be set at Three (3).

13. ELECTION OF DIRECTORS

Mr H M Adams and Mr O'Sullivan retire by rotation. Mr M O'Sullivan tendered his resignation and Mr H M Adams is available for re-election. Nominations were received for Mr H M Adams, Mr R Bradfield and Mr B Ezra.

Ordinary Resolution No. 6

Resolved that:

The election of Mr H M Adams, Mr B Ezra and Mr R Bradfield as Directors of the Company be passed on a single resolution.

Further Resolved that:

Mr R Bradfield, Mr H M Adams and Mr B Ezra be, and are hereby, elected as Directors of the Company and shall serve as such upon delivery to the Company of their consent in writing to do so.

14. APPOINTMENT OF AUDIT COMMITTEE 2 Directors of the Company form the Company's Audit Committee

Ordinary Resolution No. 7

Resolved that:

Mr R Bradfield and Mr B Ezra be, and are hereby elected as Members of the Company's Audit Committee for the ensuing year.

15. PRESENTATION AND ACCEPTANCE OF INSURANCE VALUES, SUBJECT TO ANY AMENDMENT

Ordinary Resolution No 8

Resolved that:

The Schedule of Insurance Values be, and is hereby accepted without amendment.

16. PRESENTATION AND ACCEPTANCE OF THE ESTIMATE OF INCOME AND EXPENDITURE IN RESPECT OF THE YEAR ENDING 31 DECEMBER 2016

Ordinary Resolution No 9

Resolved that:

A levy for the year ending 31 December 2016 will be determined applicable to the units remaining unsold in 2016.

17. INTEREST RATE CHARGED ON ARREAR LEVIES

Ordinary Resolution No 10

Resolved that:

The interest rate on arrear levies be charged at 2% per month.

18. APPROVAL OF DIRECTORS' REMUNERATION (*In terms of Section 66(9) of the Companies Act, the remuneration of the Directors must be approved by a Special Resolution of Members*)

Special Resolution No. 1

Resolved:

That for the ensuing financial year ending 31 December 2016, Directors receive Director's fees as per the previous financial year, each per meeting attended in addition to travel costs incurred.

19. GENERAL

No matters were raised.

There being no further business, the Chairman thanked everyone for their attendance, thanked the Board for their hard work and the input of the Managing Agent and closed the meeting.

Read and confirmed this _____ day of _____

CHAIRMAN

Port Alfred Sands Share Block Limited
(Registration number 1986/000374/06)
Annual Financial Statements
for the year ended 31 December 2015

These annual financial statements were internally prepared by:
M Hanekom - Professional Accountant (SA)
Financial Manager of First Resorts and Hotel Management Proprietary Limited

Published 30 August 2016

Port Alfred Sands Share Block Limited

(Registration number 1986/000374/06)

Annual Financial Statements for the year ended 31 December 2015

Index

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

Contents	Page
Company Secretary and Audit Committee Report	2
Directors' Responsibilities and Approval	3
Report of the Independent Auditor	4 - 5
Directors' Report	6
Statement of Financial Position	7
Levy Statement	8
Statement of Changes in Funds	9
Statement of Cash Flows	10
Accounting Policies	11 - 12
Notes to the Annual Financial Statements	13 - 16
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Levy Statement	17

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 the Share Blocks Control Act No.59 of 1980

Port Alfred Sands Shareblock Limited

Registration number 1986/000374/06

Annual Financial Statements for the year ended 31 December 2015

Certificate by Company Secretary

In our opinion as company secretary, we hereby confirm, in terms of the Companies Act No. 71 of 2008 and the Share Blocks Control Act No.59 of 1980, that for the year ended 31 December 2015, the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.



J Jordaan

On behalf of First Resorts and Hotel Management Proprietary Limited

Audit Committee Report **For the year ended 31 December 2015**

The Board of Directors constituted an audit committee as required in terms of the Companies Act No. 71 of 2008 and the Share Blocks Control Act No.59 of 1980. The committee was charged with the duties as set out in the Act. The members of the audit committee comprise:

- | | |
|---------------|---|
| • R Bradfield | Chairman and independent non-executive director |
| • B Ezra | Independent non-executive director |

The external auditor, in their capacity as auditor to the company, attends the annual audit committee meeting. Members of the committee have at all times acted in an independent manner.

The committee has discharged its functions and attended inter alia to the following matters –

- Reviewed the year-end financial statements, culminating in a recommendation to your Board of Directors;
- Reviewed the external audit report on the annual financial statements;
- Evaluated the effectiveness of financial risk management, controls and the governance process;
- Approved the engagement terms and audit fees of the external auditor; and
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provisions of non-audit services by the external auditor.

The committee reviewed a report by the external auditor, and after conducting its own review, confirmed the independence of the external auditor.



Chairman

Port Alfred Sands Share Block Limited

(Registration number 1986/000374/06)

Annual Financial Statements for the year ended 31 December 2015

Directors' Responsibilities and Approval

The directors are required by the Companies Act No. 71 of 2008 and the Share Blocks Control Act No.59 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 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.

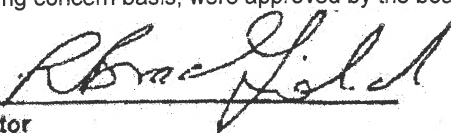
The directors acknowledge that they are ultimately responsible for the system of internal control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for 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 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 control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors 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 auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and the auditor's report is presented on page 4 to 5.

The annual financial statements and other supplementary information set out on pages 6 to 17, which have been prepared on the going concern basis, were approved by the board of directors on 30 August 2016 and were signed on its behalf by:


Director


Director

Report of the Independent Auditor

To the shareholders of Port Alfred Sands Share Block Limited

We have audited the annual financial statements of Port Alfred Sands Share Block Limited, as set out on pages 7 to 16, which comprise the statement of financial position as at 31 December 2015, the levy statement, the statement of changes in funds and the 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 the requirements of the Companies Act No. 71 of 2008 and the Share Blocks Control Act No.59 of 1980, 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

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 about 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 company'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 company'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.

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 Port Alfred Sands Share Block Limited as at 31 December 2015, 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 No. 71 of 2008 and the Share Blocks Control Act No.59 of 1980.

Supplementary information

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on page 17 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.

Report of the Independent Auditor

Other report required by the Companies Act No. 71 of 2008

As part of our audit of the annual financial statements for the year ended 31 December 2015, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between that report and the audited annual financial statements. The directors' report is the responsibility of the directors. Based on reading the directors' report we have not identified material inconsistencies between that report and the audited annual financial statements. However, we have not audited the directors' report and accordingly do not express an opinion thereon.

Moore Stephens C/JL

Moore Stephens C/JL
Chartered Accountants (SA)
Registered Auditor

D Harryparsad

Durban
30 August 2016

Port Alfred Sands Share Block Limited

(Registration number 1986/000374/06)

Annual Financial Statements for the year ended 31 December 2015

Directors' Report

The directors submit their report for the year ended 31 December 2015.

1. Review of activities

Main business and operations

The company carries on the business of a share block scheme and residential letting in respect of the property known as "Port Alfred Sands".

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.

2. Events after the reporting period

The directors are not aware of any material matter or circumstance arising since the end of the financial year that requires disclosure in these 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.

4. Directors

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

Name	Changes
H M Adams	
R Bradfield	
B Ezra	Appointed 21 October 2015
M O'Sullivan	Resigned 21 October 2015

5. Managing agent

The secretary of the company is First Resorts and Hotel Management Proprietary Limited of:

Business address 1 Crompton Street
Pinetown
3610

Postal address PO Box 1287
Pinetown
3600

6. Insurance

The share block units and their contents are insured at current replacement values.

Port Alfred Sands Share Block Limited

(Registration number 1986/000374/06)

Annual Financial Statements for the year ended 31 December 2015

Statement of Financial Position

Figures in Rand	Notes	2015	2014
Assets			
Non-Current Assets			
Net financial asset	2	2 690	2 690
Current Assets			
Other receivables		14 773	213
Prepayments		12 301	25 548
Levies receivable	3	650 201	1 111 781
Cash and cash equivalents	4	188 892	122 694
		866 167	1 260 236
Total Assets		868 857	1 262 926
Equity and Liabilities			
Equity			
Share capital	5	2 690	2 690
Refurbishment reserves		127 424	538 368
		130 114	541 058
Liabilities			
Current Liabilities			
Current tax payable		-	7 217
Other payables	6	731 171	700 545
Levies received in advance		7 572	14 106
		738 743	721 868
Total Equity and Liabilities		868 857	1 262 926

Port Alfred Sands Share Block Limited

(Registration number 1986/000374/06)

Annual Financial Statements for the year ended 31 December 2015

Levy Statement

Figures in Rand	Notes	2015	2014
Levies raised	7	578 144	844 480
Other income		6 009	877
Expenditure		(951 411)	(933 584)
Refurbishment expenditure and replacements	8	(53 403)	(318 354)
Levy deficit before interest and taxation		(420 661)	(406 581)
Interest received		9 730	20 044
Interest paid		(13)	(887)
Levy deficit for the year		(410 944)	(387 424)

Port Alfred Sands Share Block Limited

(Registration number 1986/000374/06)

Annual Financial Statements for the year ended 31 December 2015

Statement of Changes in Funds

Figures in Rand	Share capital	Refurbishment reserve	Accumulated levy surplus	Total equity
Balance at 01 January 2014	2 690	925 792	-	928 482
Levy deficit for the year	-	-	(387 424)	(387 424)
Transfer between reserves	-	(387 424)	387 424	-
Balance at 01 January 2015	2 690	538 368	-	541 058
Levy deficit for the year	-	-	(410 944)	(410 944)
Transfer between reserves	-	(410 944)	410 944	-
Balance at 31 December 2015	2 690	127 424	-	130 114

Note

5

Port Alfred Sands Share Block Limited

(Registration number 1986/000374/06)

Annual Financial Statements for the year ended 31 December 2015

Statement of Cash Flows

Figures in Rand	Notes	2015	2014
Cash flows from operating activities			
Cash receipts from shareholders		1 119 351	585 746
Cash paid to suppliers and employees		(1 055 653)	(1 230 134)
Cash generated from/(utilised in) operations	10	63 698	(644 388)
Interest received		9 730	20 044
Interest paid		(13)	(887)
Tax paid	11	(7 217)	-
Net cash generated from/(utilised in) operating activities		66 198	(625 231)
Total cash movement for the year		66 198	(625 231)
Cash at the beginning of the year		122 694	747 925
Total cash at end of the year	4	188 892	122 694

Port Alfred Sands Share Block Limited

(Registration number 1986/000374/06)

Annual Financial Statements for the year ended 31 December 2015

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 the Share Blocks Control Act No.59 of 1980. The annual financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value or amortised cost and incorporate the principal accounting policies set out below. They are presented in South African Rand.

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 judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

The company reviews provisions at each reporting date and adjusts them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting period date. Any adjustments to the amounts previously recognised are recognised in surplus or deficit.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

1.2 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual agreement.

Levies receivables and other receivables

These are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

Other payables

Other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances with the banks. These are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Port Alfred Sands Share Block Limited

(Registration number 1986/000374/06)

Annual Financial Statements for the year ended 31 December 2015

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.

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

Tax expenses

Tax expense is recognised in the same component of total surplus or deficit 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 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.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

1.6 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.

1.7 Revenue

Revenue comprised levies receivable from shareholders, sundry income and interest received. Shareholders are obliged by way of an agreement, to contribute funds in proportion to shareholding, to enable the company to meet its expenditure.

Levies receivable are recognised on the accrual basis.

Interest is recognised using the effective interest rate method.

1.8 Reserves and refurbishment expenditure

Normal maintenance expenditure and refurbishment expenditure is charged to the levy operating statement.

A reserve for expenditure on property, plant and equipment is provided for. This reserve is intended to provide for the acquisition, replacement and refurbishment of property, plant and equipment, including maintenance expenditure regarded by the directors as being beyond the scope of the normal maintenance component of levy expenditure. Levies collected annually include an amount in respect of the reserve for expenditure on property, plant and equipment and transfers are made to and from this reserve, having regard to surpluses, if any, in the levy operating statement and to amounts expended in respect of property, plant and equipment.

Port Alfred Sands Share Block Limited

(Registration number 1986/000374/06)

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
2. Net financial asset		
Loans from shareholders	(442 238)	(442 238)
Right of use of property vested in shareholders	446 209	446 209
Cancellation of shares	(1 281)	(1 281)
	2 690	2 690
<p>The loans from shareholders together with the share capital represent the shareholders' investment in the company, which investment in conjunction with a use agreement, gives right to accommodation in the building. The right of use vested in the shareholders has been offset against the loans from shareholders. The net financial asset arises from the assignment of the right of use of the property owned by the company to the shareholders in excess of their loans.</p> <p>Land and buildings were originally purchased for R446,209 and are not recognised because although the company has legal title to the property it effectively only owns the bare dominium over the property which is considered to be of no value. The property is insured for R25,625,629. There are no bonds on the property.</p> <p>Land is described as the remainder of Erf 1793 Port Alfred in the area of Port Alfred Transitional Council Division of Bathurst in the Province of Eastern Cape, in extent 8,091 square metres.</p>		
3. Levies receivable		
An analysis of levy debtors is as follows:		
Levy debtors outstanding	650 201	1 113 086
Provision for doubtful debts	-	(1 305)
	650 201	1 111 781
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	-	2 000
Bank balances (Interest bearing current accounts)	188 892	120 694
	188 892	122 694
5. Share capital		
Authorised		
2,690 Ordinary shares of no par value	2 690	2 690
Issued		
2,690 Ordinary shares of no par value	2 690	2 690
6. Other payables		
Accounts payable	37 514	73 196
Provision for audit fees	-	33 110
Rentals to be distributed	602 013	507 261
Sundry creditors	91 644	86 978
	731 171	700 545
7. Levies raised		
Normal levies raised	578 144	844 480

Port Alfred Sands Share Block Limited

(Registration number 1986/000374/06)

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

8. Refurbishment expenditure and replacements

Appliances	8 235	32 986
Curtains	-	250
Cutlery and crockery	-	1 836
Linen	-	1 388
Other	45 168	281 894
	53 403	318 354

9. Auditor's remuneration

Fees - current year	-	33 110
Fees - prior year	(1 210)	3 850
Other services	4 700	-
	3 490	36 960

10. Cash generated from/(utilised in) operations

Levy deficit for the year	(410 944)	(387 424)
Adjustments for:		
Interest received	(9 730)	(20 044)
Interest paid	13	887
Changes in working capital:		
Prepayments	13 247	190 245
Levies receivable	461 580	(403 312)
Other receivables	(14 560)	47 025
Other payables	30 626	2 035
Levies received in advance	(6 534)	(73 800)
	63 698	(644 388)

11. Tax paid

Balance at beginning of the year	(7 217)	(7 217)
Balance at end of the year	-	7 217
	(7 217)	-

12. Directors' remuneration

2015

	Emoluments	Total
H M Adams	3 350	3 350
R Bradfield	3 800	3 800
M O'Sullivan	950	950
	8 100	8 100

2014

	Emoluments	Total
H M Adams	4 300	4 300
R Bradfield	4 750	4 750
	9 050	9 050

Attendance fees in respect of M O'Sullivan and B Ezra is not paid to such director personally but has been paid to the director's employer.

Port Alfred Sands Share Block Limited

(Registration number 1986/000374/06)

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

Figures in Rand	2015	2014
-----------------	------	------

13. Related parties

Relationships

Entity sharing common management
Managing agent

Port Alfred Sands Body Corporate
First Resorts and Hotel Management Proprietary
Limited

Related party balances

Amounts included in levies receivable regarding related parties

Port Alfred Sands Body Corporate	14 773	213
----------------------------------	--------	-----

Amounts included in payables regarding related parties

First Resorts and Hotel Management Proprietary Limited	48	8 813
--	----	-------

Related party transactions

Levies paid to related parties

Port Alfred Sands Body Corporate	141 120	134 400
----------------------------------	---------	---------

Management fees paid to related parties

First Resorts and Hotel Management Proprietary Limited	78 408	71 280
--	--------	--------

Port Alfred Sands Share Block Limited

(Registration number 1986/000374/06)

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014

14. Risk management

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash resources to meet the operating requirements of the company. The shareholders are obliged to contribute levies sufficient to cover the costs of maintenance, upkeep and management of the resort.

Capital risk management

The funding of property was initially provided by share capital, together with an associated loan obligation.

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern. To achieve this, all costs associated with the maintenance of the resort, including the refurbishment of the property and replacement of moveable property, plant and equipment, are financed out of levies from shareholders.

Fair value estimation

The carrying amounts of financial assets and liabilities in the statement of financial position approximate the fair values at year end. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Interest rate risk

Deposits and balances with the banks attract interest at rates that vary with prime. The company policy is to manage interest rate risk so that fluctuation in the variable rates do not have an impact on the levy surplus/deficit.

The company has no significant interest-bearing assets, except for cash and cash equivalents. The company's income operating cash flows are substantially independent of the changes in market interest rates.

The company has no interest-bearing borrowings.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and levy debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any other counter-party.

Levies receivable comprise of a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis.

PORT ALFRED SANDS SHAREBLOCK LTD

Registration number 1986/00374/06

Annual Financial Statements for the year ended 31 December 2015

Detailed Levy Statement

Figures in Rand	Notes	Actual 2015	Budget 2015	Variance 2015	Actual 2014
Levy Income		578 144	928 928	(350 784)	844 480
Levies raised		929 021	928 928	93	844 480
Levies reversed		(350 877)	-	(350 877)	-
Other Income		15 739	30 000	(14 261)	20 921
Interest Income		9 730	30 000	(20 270)	20 044
Sundry Income		6 009	-	6 009	877
TOTAL INCOME		593 883	958 928	(365 045)	865 401
Administration Cost		53 744	115 094	61 350	24 941
Advertising & signage		270	-	(270)	6 262
AGM costs		454	3 526	3 072	1 900
Directors Fees & Conference costs		8 100	19 590	11 490	9 050
Audit fees	9	-	35 816	35 816	33 110
Audit Fees - Prior Year Overs and Unders	9	(1 210)	-	1 210	3 850
Audit fees - Other Services	9	4 700	4 850	150	-
Bad debts Provision		(1 305)	-	1 305	(66 183)
Bank charges		6 771	5 500	(1 271)	6 015
Computer expenses		1 839	22 139	20 300	8 071
Consultants' fees		22 063	1 800	(20 263)	11 300
Interest paid		13	-	(13)	887
Legal expenses		9 558	2 848	(6 710)	2 742
Postage & courier		221	1 650	1 429	831
Printing & stationery		253	1 650	1 397	672
Subscriptions		100	450	350	844
Travelling		1 917	15 275	13 358	5 590
On-site Expenses		91 705	115 514	23 809	144 615
Cleaning material		6 084	4 500	(1 584)	6 575
Guest entertainment		-	4 000	4 000	1 844
Laundry expenses		7 924	9 000	1 076	22 522
DSTV expenses		65 017	66 429	1 412	65 981
Pest Control		7 468	9 250	1 782	6 742
Service expenses		-	10 000	10 000	29 845
Telephones		618	8 000	7 382	6 819
TV Licences		4 594	4 335	(259)	4 287
Property Expenses		610 644	644 100	33 456	610 535
Electricity		86 579	113 048	26 469	120 304
Insurance		68 303	99 637	31 334	60 269
Levies - Body Corporate		141 120	141 120	-	134 400
Rates, refuse & sewerage		101 716	109 347	7 631	107 789
Repairs & maintenance		127 692	93 596	(34 096)	95 131
Security		70 646	59 846	(10 800)	64 951
Water		14 588	27 506	12 918	27 691
Management Fees		78 408	78 408	-	71 280
Staffing & Cleaning Contracts		116 923	22 163	(94 760)	83 101
Resort management		15 163	15 163	-	14 040
Salaries and wages		99 667	-	(99 667)	66 239
Casuals		-	7 000	7 000	1 830
Skills Levy		-	-	-	92
Salary burden		-	-	-	900
Staff expenses		1 750	-	(1 750)	-
Uniforms		343	-	(343)	-
TOTAL EXPENDITURE		951 424	975 279	23 855	934 471
LEVY (DEFICIT) / SURPLUS BEFORE TAXATION		(357 541)	(16 351)	(341 190)	(69 070)
Taxation		-	-	-	-
LEVY (DEFICIT) / SURPLUS AFTER TAXATION		(357 541)	(16 351)	(341 190)	(69 070)
CAPITAL EXPENDITURE - REPLACEMENTS		53 403	-	(53 403)	318 354
LEVY DEFICIT FOR THE YEAR		(410 944)	(16 351)	(394 593)	(387 424)
Transfer from Replacement Reserve		410 944	16 351	394 593	387 424
		-	-	-	-

The supplementary information presented does not form part of the annual financial statements and is unaudited

PORT ALFRED SAND SHAREBLOCK
INSURANCE COVER SCHEDULE



INSURED:

PORT ALFRED SANDS SHAREBLOCK

INSURER:

CURNOW GARRUN INSURANCE GROUP

POLICY NO:

FIRST050/0007

PERIOD OR COVER:

01 JANUARY 2016 TO 01 JANUARY 2017

DETAILS		HOLLARD
BUILDINGS COMBINED		48,659,465
BUILDINGS SHAREBLOCK	42,871,776	
FIRE SHAREBLOCK	5,787,689	
OFFICE CONTENTS		51,874
BUSINESS ALL RISKS		2,200
PUBLIC LIABILITY		1,200,000
LIMIT OF INDEMNITY	1,000,000	
LEGAL DEFENCE COSTS	50,000	
WRONGFUL ARREST & DEFAMATION	50,000	
GUEST PERSONAL EFFECTS	50,000	
CRISES-24 EMERGENCY EVACUATION	50,000	
EMPLOYERS LIABILITY		1,000,000
ELECTRONIC EQUIPMENT		18,310
SASRIA		60,896,715
TOTAL		111,828,564

POLICY NO:

FIRST050/0010

PERIOD OR COVER:

01 JANUARY 2015 TO 01 JANUARY 2016

DETAILS	NEW NATIONAL
PUBLIC LIABILITY	20,000,000
TOTAL	20,000,000

POLICY NO:

FIRST050/0013

PERIOD OR COVER:

01 JANUARY 2015 TO 01 JANUARY 2016

DETAILS	GUARDRISK
GROUP PERSONAL ACCIDENT	1,000,000
TOTAL	1,000,000

POLICY NO:

FIRST050/0014

PERIOD OR COVER:

01 JANUARY 2015 TO 01 JANUARY 2016

DETAILS	GENLIB
DIRECTORS, OFFICERS AND TRUSTEES	40,000,000
TOTAL	40,000,000

POLICY NO:

FIRST050/0015

PERIOD OR COVER:

01 JANUARY 2015 TO 01 JANUARY 2016

DETAILS	CARMARGUE
PUBLIC LIABILITY	50,000,000
TOTAL	50,000,000

POLICY NO:

FIRST050/0016

PERIOD OR COVER:

01 JANUARY 2015 TO 01 JANUARY 2016

DETAILS	CURNOW GARRUN
EXTENDED PUBLIC LIABILITY	100,000,000
TOTAL	100,000,000



PO BOX 1287 PINETOWN 3600, 1 CROMPTON STREET PINETOWN 3610 TEL 031 7177593 FAX 7091680

CREDIT CARD FACILITY

RESORT _____

UNIT & WEEK _____

CONTACT TELEPHONE NUMBER _____

CARD HOLDER'S INITIALS & SURNAME _____

CARD HOLDER'S ID NUMBER _____

TYPE OF CARD (VISA, MASTER, etc) _____

CARD NUMBER

EXPIRY DATE

AMOUNT _____

DATE YOU WISH YOUR CARD TO BE DEBITED _____

CLIENTS LIVING OUTSIDE SOUTH AFRICA - CREDIT CARD FACILITY ON STRAIGHT ONLY

CVC Number
Last 3 digits at the back of card

BUDGET (months) 6 12 24 36 48

CARD HOLDER SIGNATURE

DATE



P.O Box 1287 Pinetown 3600, 1 Crompton Street Pinetown 3610
Tel: +27 31 717 7593 Fax: +27 31 709 1680
Email Address: info@firstresorts.co.za

RESORT: _____ UNIT: _____ WEEK: _____

MEMBERS DETAILS

First Names: _____ Title: _____

Surname: _____ Gender: M ☐ F ☐

ID NO.: Birthday:

Street Address: _____

Postal Address: _____

City/Town: _____ Province: _____

Postal Code: _____ Email Address: (self) _____

Email Address: (spouse) _____

Email Address: (office) _____

Tel:(Home) _____ Tel:(Work) _____

Tel:(Cell 1) _____ Tel:(Cell 2) _____

Preferred Language: _____ Marital Status: _____

SIGNATURE

DATE

PORT ALFRED SANDS SHAREBLOCK LIMITED

REGISTRATION NO: 1986/000374/06

NOMINATION FORM FOR DIRECTORSHIP

I/We the undersigned _____

the owner/s of module _____

in Unit _____ duly authorised hereto as a member of the above Company, hereby nominate the following persons for election as Directors of the Company at the Annual General Meeting of the Company to be held on **19 OCTOBER 2016** and their signatures signify acceptance.

NAMES OF PROPOSED DIRECTORS

SIGNATURES OF PROPOSED DIRECTORS

Current Directors:

HM Adams
R Bradfield
B Ezra

Signed at _____ this _____ day of _____ 2016

MEMBER'S SIGNATURE _____

DOMICILIUM

PORT ALFRED SANDS SHARE BLOCK LIMITED
c/o FIRST RESORTS AND HOTEL MANAGEMENT (PTY) LTD
1 CROMPTON STREET
PINETOWN
3610
email: estia@firstresorts.co.za

POSTAL ADDRESS

P.O.BOX 1287
PINETOWN
3600
Fax: 031 701 9964/ 086 2956099

Nomination Forms should be completed and returned to First Resorts Management (Pty) Ltd, P O Box 1287, Pinetown, 3600 so as to arrive no later than **48 (FORTY EIGHT)** hours before the meeting. Fax to: 031 701 9964/ 086 2956099 and email to estia@firstresorts.co.za will also be acceptable.

PORT ALFRED SANDS SHARE BLOCK LIMITED

(Registration No.: 1986/000374/06)

FORM OF PROXY

A member entitled to attend and vote at the meeting is entitled to appoint a proxy of his own choice to attend, speak and vote in his stead. A proxy need not be a member of the company.

I/ We _____
(Name in block capitals)

Unit No.: _____ Week No.: _____ being a shareholder/s of PORT ALFRED SANDS SHARE BLOCK LIMITED and entitled to _____ vote(s) do hereby appoint:

_____ (ID: No: _____)

of _____ or failing him :

_____ (ID: No: _____)

of _____

failing him, the Chairman of the meeting, as my/our proxy to attend, and on a poll, vote on my/our behalf at the annual general meeting to be held on **19 OCTOBER 2016**, or at any adjournment thereof, as follows:

(Indicate directions to proxy by way of a cross (X) in the space provided above.)
Unless otherwise instructed, the proxy may vote as he thinks fit.

AGENDA ITEM		FOR	AGAINST	ABSTAIN
6.	To accept the minutes of the Annual General Meeting held on 21 October 2015			
9.	To accept the Annual Financial Statements in respect of the year ended 31 December 2015			
10.	To approve the auditors' remuneration for the year ended December 2015			
11.	To appoint auditors for the year ending December 2016 (on recommendation of the current Audit Committee)			
12.	Determine number of Directors			
13.	To elect the Directors: _____ _____ _____ _____			
14.	To appoint the Audit Committee			
15.	To accept the schedule of insurance cover			

16.	Determine interest rate on arrear levies			
17.	SPECIAL RESOLUTION: Approval of Director' Remuneration for the year ended 31 December 2015			

Signed this _____ day of _____ 2016.

Signature

DOMICILIUM

PORT ALFRED SANDS SHARE BLOCK LIMITED
c/o FIRST RESORTS AND HOTEL MANAGEMENT (PTY) LTD
1 CROMPTON STREET
PINETOWN
3610

POSTAL ADDRESS

P.O.BOX 1287
PINETOWN
3600
Fax: 031 701 9964/ 086 2956099
email: estia@firstresorts.co.za

Note 1: This proxy must be delivered or faxed to the Secretaries of the company not less than **FORTY EIGHT HOURS** before the time appointed for the meeting.

Note 2: A Member entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his stead, and such proxy need not also be a Member of the Company.

Note 3: This Proxy shall be binding upon the Member until such time as the Member personally withdraws it and it is limited to the voting on the special and ordinary resolutions referred to herein. Unless otherwise instructed, the proxy will vote as he thinks fit. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his stead.

Any alteration or correction made to this form of proxy (excluding the deletion of alternatives) must be initialled by the signatory. Documentary evidence establishing the authority of a Person signing this form of proxy in a representative capacity (i.e. on behalf of a Company, Close Corporation or Trust) must be attached to this form.

The completion and lodging of this form of proxy will not preclude the relevant Member from attending the meeting and speaking and voting in Person thereat, to the exclusion of any proxy appointed in terms thereof, should such Member wish to do so.

Emailed and facsimile copies of this proxy form must be duly verified before the commencement of the meeting to be eligible for acceptance. If any one of the requirements contained herein is not fulfilled, the proxy form and/or the nomination of the proxy will be null and void.

Proxy holders must present reasonably satisfactory identification before attending and participating in the meeting.