

Sodwana Bay Lodge Share Block Limited
(Registration number 1989/003310/06)
Annual Financial Statements
for the year ended 31 December 2015

These annual financial statements were internally prepared by:
Wynand Bester AGA(SA)
Financial Manager of First Resorts and Hotel Management Proprietary Limited

Published 03 June 2016

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

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
Independent Auditor's Report	4 - 5
Directors' Report	6
Statement of Financial Position	7
Levy Statement	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11 - 13
Notes to the Annual Financial Statements	14 - 18
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Levy Statement	19

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.

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

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, 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. The committee was charged with the duties as set out in the Act. The members of the audit committee comprise:


- | | |
|-------------|---|
| • H M Adams | Chairman and independent non-executive director |
| • P E Marx | Independent non-executive director |
| • R H Scott | Independent non-executive director |

The external auditor, in the capacity of 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 reports 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

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

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 pages 4-5.

The annual financial statements and supplementary information set out on pages 6 to 19, which have been prepared on the going concern basis, were approved by the board of directors on 03 June 2016 and were signed on their behalf by:

Director

Director

Independent Auditor's Report

To the shareholders of Sodwana Bay Lodge Share Block Limited

We have audited the annual financial statements of Sodwana Bay Lodge Share Block Limited, as set out on pages 7 to 18, which comprise the statement of financial position as at 31 December 2015, the levy statement, the statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and requirements of the Companies Act 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 entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

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 Sodwana Bay Lodge 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 19 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.

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.

Independent Auditor's Report

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in the Government Gazette No. 39475 dated 04 December 2015, we report that Moore Stephens CJL has been the auditor of Sodwana Bay Share Block Limited for 10 years.



Moore Stephens CJL
Chartered Accountants (S.A.)
Registered Auditor

D Harryparsad

Durban
3 June 2016

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

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 operates on a share block basis in respect of the development known as "Sodwana Bay Lodge" situated in Sodwana Bay, KwaZulu-Natal.

The company's expenditure is defrayed from levies collected from members, which resulted in a deficit for the year of R2,947,785 (2014 : Levy deficit of R430,922) before transfer from the reserve funds of R2,947,785 (2014 : R430,922).

The 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 under review.

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 H Scott	
P E Marx	
B V Zikhali	Not reappointed on 31 July 2015
G G V Nomandla	Not reappointed on 31 July 2015
C King	Not reappointed on 31 July 2015

5. Managing agent

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

Business address	1 Crompton Street Pinetown 3610
Postal address	P.O. Box 1287 Pinetown 3610

6. Insurance

The share block units and the contents of units applicable to the A2 ordinary shares are insured. The company does not insure personal belongings of the individual timeshare guests. The company does not guarantee the provision of an alternative timeshare in the event of a disaster, and does not take out insurance against the occurrence of this risk.

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

Annual Financial Statements for the year ended 31 December 2015

Statement of Financial Position

Figures in Rand	Notes	2015	2014
Assets			
Non-Current Assets			
Motor vehicles and equipment	2	-	23 289
Net financial asset	3	13 532	13 532
		<u>13 532</u>	<u>36 821</u>
Current Assets			
Inventories	4	223 905	29 869
Levies and other receivables	5	1 045 353	379 626
Prepayments		-	938
Cash and cash equivalents	6	2 577 625	7 481 383
		<u>3 846 883</u>	<u>7 891 816</u>
Total Assets		<u>3 860 415</u>	<u>7 928 637</u>
Equity and Liabilities			
Equity			
Share capital	7	13 532	13 532
Reserves		1 777 028	4 724 813
		<u>1 790 560</u>	<u>4 738 345</u>
Liabilities			
Current Liabilities			
Other financial liabilities	8	-	48 948
Current tax payable		109 857	98 617
Other payables	9	1 378 110	2 626 488
Levies received in advance		581 888	416 239
		<u>2 069 855</u>	<u>3 190 292</u>
Total Equity and Liabilities		<u>3 860 415</u>	<u>7 928 637</u>

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

Annual Financial Statements for the year ended 31 December 2015

Levy Statement

Figures in Rand	Notes	2015	2014
Levies raised	10	7 688 646	7 182 642
Other income		221 132	241 629
Expenditure		(6 063 268)	(7 133 436)
Refurbishment expenditure		(5 014 941)	(921 502)
Levy deficit before interest and taxation		(3 168 431)	(630 667)
Interest received		334 387	350 477
Interest paid		(2 483)	(50 713)
Levy deficit before taxation		(2 836 527)	(330 903)
Taxation	11	(111 258)	(100 019)
Levy deficit for the year		(2 947 785)	(430 922)

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

Annual Financial Statements for the year ended 31 December 2015

Statement of Changes in Equity

Figures in Rand	Share capital	Reserves	Accumulated levy surplus	Total equity
Balance at 01 January 2014	13 532	5 155 737	-	5 169 269
Levy deficit for the year	-	-	(430 922)	(430 922)
Transfer between reserves	-	(430 922)	430 922	-
Balance at 01 January 2015	13 532	4 724 813	-	4 738 345
Levy deficit for the year	-	-	(2 947 785)	(2 947 785)
Transfer between reserves	-	(2 947 785)	2 947 785	-
Balance at 31 December 2015	13 532	1 777 028	-	1 790 560
Note	7			

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

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		8 287 050	8 219 124
Cash paid to suppliers and employees		(13 373 746)	(8 138 837)
Cash (utilised in)/generated from operations	13	(5 086 696)	80 287
Interest received		334 387	350 477
Interest paid		(2 483)	(50 713)
Tax paid	14	(100 018)	(94 852)
Net cash (utilised in)/generated from operating activities		(4 854 810)	285 199
Cash flows from financing activities			
Repayment of other financial liabilities		(48 948)	(73 095)
Net cash utilised in financing activities		(48 948)	(73 095)
Total cash movement for the year		(4 903 758)	212 104
Cash at the beginning of the year		7 481 383	7 269 279
Total cash at end of the year	6	2 577 625	7 481 383

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

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.

Leasehold improvements

Improvements to leasehold property have been funded by loans from shareholders. The company's Memorandum of Incorporation provide that such loans are not repayable and shareholders will only receive their share of any dividend in the event of the voluntary liquidation of the company. The Notarial Lease, in terms of which the company occupies the leasehold property, expires on 1 December 2087, following which the property and ownership of all improvements reverts to the lessor.

Leasehold improvements are not reflected on the statement of financial position as the right of use of these improvements have vested in the shareholders.

Replacement reserve

Normal maintenance expenditure and capital expenditure is written off against 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.

Motor vehicles and equipment

Replacements of motor vehicles and equipment, additions to operating equipment and non-routine maintenance are charged against a reserve for motor vehicles and equipment replacement and maintenance.

Additions to motor vehicles and equipment which represent an increase in quantity of an existing type or the purchase of an entirely new category of asset, that are funded via the reserve, are also charged against this reserve. Additions to motor vehicles and equipment that are funded through borrowings are capitalised and not expensed against the reserve, instead they are written off over the period of the borrowing agreement.

The above accounting policy has been applied because the directors believe it is the most appropriate to the company, taking into account the purpose and use of the levy fund as prescribed by the Share Blocks Control Act No. 59 of 1980. The accounting policy in respect of motor vehicles and equipment charged against reserves differs from the relevant section of the International Financial Reporting Standard for Small and Medium-sized Entities (Section 17) which requires that the cost of the assets be capitalised, and depreciation be charged to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets.

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

Annual Financial Statements for the year ended 31 December 2015

Accounting Policies

1.2 Financial instruments

Initial measurement

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 arrangement.

Levies and other receivables

Levies and other receivables are measured at initial recognition 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 company will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment is recognised as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. The amount of the impairment is recognised in the levy statement within the 'administrative expenses'.

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 banks. These are initially and subsequently measured at fair value.

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 period date.

Tax expenses

Current tax is recognised as income or an expense in surplus or deficit for the period.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Lease expenses are recognised in surplus or deficit on a straight-line basis over the lease term, unless either:

- a) Another systematic basis is representative of the time pattern of the lessee's benefit from the leased asset, even if the payment of the rentals is not on that basis; or
- b) The payments by the lessee are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

Annual Financial Statements for the year ended 31 December 2015

Accounting Policies

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.

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 comprises levies receivable from share block holders, as well as other investment revenue. Shareholders are obliged, by way of agreement, to contribute funds, in proportion to their shareholding, to enable the company to meet its expenditure.

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

1.8 Borrowing costs

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

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014

2. Motor vehicles and equipment

	2015			2014		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Plant and machinery	317 976	(317 976)	-	317 976	(294 687)	23 289
Motor vehicles	176 743	(176 743)	-	176 743	(176 743)	-
Total	494 719	(494 719)	-	494 719	(471 430)	23 289

Reconciliation of motor vehicles and equipment - 2015

	Opening balance	Depreciation	Total
Plant and machinery	23 289	(23 289)	-

Reconciliation of motor vehicles and equipment - 2014

	Opening balance	Depreciation	Total
Plant and machinery	105 992	(82 704)	23 289
Motor vehicles	4 776	(4 776)	-
	110 768	(87 480)	23 289

Pledged as security

The plant and machinery and motor vehicles have been pledged as security in respect of the loans referred to in note 8.

3. Net financial asset

Loans from shareholders	(16 288 806)	(16 288 806)
Right of use of property vested in shareholders	19 402 744	19 402 744
Transfer from non-distributable reserve	(3 005 083)	(3 005 083)
Transfer from replacement reserve	(95 323)	(95 323)
	13 532	13 532

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 resort. 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.

4. Inventories

Consumables on hand	223 905	29 869
---------------------	---------	--------

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014

5. Levies and other receivables

Levies receivable	828 581	303 808
Provision for bad debts	(198 915)	(152 736)
VAT	221 156	216 408
Accrued income	58 622	-
Other receivables	54 754	12 146
Deposits	81 155	-
	1 045 353	379 626

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2 364	4 622
Bank balances	2 575 261	3 805 124
Short-term deposits	-	3 671 637
	2 577 625	7 481 383

7. Share capital

Authorised

4,488 A1 Class ordinary shares of 50c each	2 244	2 244
8,160 A2 Class ordinary shares of 50c each	4 080	4 080
612 A3 Class ordinary shares of 50c each	306	306
4,601 B1 Class ordinary shares of 50c each	2 300	2 300
4,601 B2 Class ordinary shares of 50c each	2 301	2 301
4,602 B3 Class ordinary shares of 50c each	2 301	2 301
	13 532	13 532

The A1 Class shares confer the right of use and occupation of a specific portion of the company's property for a specified period each year.

The A2 Class shares confer the right of use and occupation of a specific portion of the company's property on a permanent basis.

The A3 Class shares confer the right of use and occupation, on a permanent basis, of the premises relating to the lodge operations.

The B1, B2 and B3 Class shares confer the right of use and occupation of specified business premises on the company's property on a permanent basis.

Issued

Ordinary shares	13 532	13 532
-----------------	---------------	---------------

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014

8. Other financial liabilities

At amortised cost

Wesbank, A division of First Rand Bank Limited

-

48 948

This loan was secured by the plant and machinery referred to in note 2, bore interest at rates linked to the prime lending rate and was repayable in monthly instalments of R 6,835 (2014 : R 6,835), and was settled during the current year.

Current liabilities

At amortised cost

-

48 948

9. Other payables

Accounts payable

1 266 580

852 024

Salary control

886

33 470

Other payables

93 888

93 888

Boat Lockers - Whole Owners

-

80 644

Provision for auditor's fees

-

48 000

Accrued expense

16 756

-

Provision for rates

-

1 518 462

1 378 110

2 626 488

10. Levies raised

Dive

135 259

126 411

Hotel

885 701

827 758

Timeshare

4 445 487

4 154 662

Whole owners

2 222 199

2 073 811

7 688 646

7 182 642

11. Taxation

Major components of the tax expense

Current

Local income tax - current period

111 258

100 019

Reconciliation of the tax expense

Reconciliation between accounting deficit and tax expense.

Accounting deficit

(2 836 527)

(330 903)

Tax at the applicable tax rate of 28% (2014: 28%)

(794 228)

(92 653)

Tax effect of adjustments on taxable income

Less: Exempt levies

(2 152 821)

(2 011 140)

Add: Disallowed expenses

3 072 307

2 217 812

S10(1)(e) exemption

(14 000)

(14 000)

111 258

100 019

No provision for taxation on levies has been made as the company is exempt from taxation in terms of Section 10(1)(e) of the Income Tax Act, 1962. Taxation is provided on interest income and other non-levy income in excess of R 50,000 after deducting a proportionate share of certain administrative expenditure.

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

Figures in Rand

2015

2014

12. Auditor's remuneration

Fees	-	48 000
Adjustment for previous year	(2 200)	6 000
Other services	6 786	4 550
	4 586	58 550

13. Cash (utilised in)/generated from operations

Levy deficit before taxation	(2 836 527)	(330 903)
Adjustments for:		
Depreciation	23 289	87 480
Interest received	(334 387)	(350 477)
Interest paid	2 483	50 713
Levies received in advance	165 649	(352 439)
Changes in working capital:		
Inventories	(194 036)	37 245
Levies and other receivables	(665 727)	(244 700)
Prepayments	938	(18 989)
Other payables	(1 248 378)	1 202 357
	(5 086 696)	80 287

14. Tax paid

Balance at beginning of the year	(98 617)	(93 450)
Current tax for the year recognised in surplus or deficit	(111 258)	(100 019)
Balance at end of the year	109 857	98 617
	(100 018)	(94 852)

15. Directors' remuneration

Executive

2015

For services as directors

Emoluments	Total
13 036	13 036

2014

For services as directors

Emoluments	Total
20 372	20 372

16. Related parties

Relationships

Managing agent

First Resorts and Hotel Management Proprietary Limited

Related party transactions

Management fees paid to related party

First Resorts and Hotel Management Proprietary Limited

410 130	378 000
---------	---------

Sodwana Bay Lodge Share Block Limited

(Registration number 1989/003310/06)

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

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

17. Risk management

The company's activities expose it to the following financial risks: liquidity risk, interest rate risk and credit risk.

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 the maintenance, upkeep and management of the resort.

Interest rate risk

Deposits and balances with banks attract interest at rates that vary with prime. The company policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on the surplus. The company has no significant interest-bearing assets, except cash and cash equivalents. The company's income and operating cash flows are substantially independent of changes in market interest rates.

The only interest-bearing borrowings of the company are disclosed in note 8.

Credit risk

Credit risk exposure applies to cash deposits, cash and cash equivalents and levies in arrears. The company only deposits cash with major banks with high a quality credit standing and limited exposure to any one counter-party.

Credit risk arising from levies in arrears is managed by close monitoring of outstanding balances and prompt repossession of defaulting units through the exercise of a lien on shares as provided by the Memorandum of Incorporation of the company.

Capital risk management

The funding of property, plant and equipment was initially provided by share capital, together with an association loan obligation.

The company's objectives when managing capital are 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 leasehold property and replacements of moveable property, plant and equipment, are financed out of the annual levies from shareholders.

SODWANA BAY LODGE SHARE BLOCK LIMITED
Reg No 1989/003310/06
DETAILED LEVY STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2015

	ACTUAL DIVE 2015	ACTUAL HOTEL 2015	ACTUAL TIMESHARE 2015	ACTUAL WHOLE OWNER 2015	ACTUAL RENTAL 2015	ACTUAL STAFF LODGES 2015	ACTUAL 2015	BUDGET 2015	VARIANCE 2015	AUDITED 2014
LEVY INCOME										
Levies	135 259	885 701	4 445 487	2 222 198	0	-	7 688 646	7 638 872	49 774	7 182 642
	135 259	885 701	4 445 487	2 222 198	0	-	7 688 646	7 638 872	49 774	7 182 642
SUNDRY INCOME										
Interest received	4 585	27 851	210 928	89 699	1 324	-	334 387	362 000	(27 613)	350 477
Sundry Income	1 515	8 111	53 218	53 033	48 790	56 465	221 133	190 130	31 003	241 629
	6 101	35 962	264 146	142 731	50 114	56 465	555 519	552 130	3 389	592 106
TOTAL INCOME	141 360	921 663	4 709 633	2 364 930	50 115	56 465	8 244 166	8 191 002	53 164	7 774 748
EXPENDITURE										
Auditors remuneration	48	612	2 561	1 273	92	-	4 586	55 310	50 724	58 550
Advertising	-	-	20 056	-	-	-	20 056	54 000	33 944	-
Bank charges	362	4 605	19 266	9 573	690	-	34 496	49 610	15 114	40 902
Cleaning and laundry	3 274	16 176	86 383	3 636	-	-	109 469	129 990	20 521	135 636
Commission paid	-	-	10 742	-	-	-	10 742	10 910	168	8 507
DSTV and TV licences	-	-	56 955	-	-	-	56 955	53 418	(3 537)	32 246
Depreciation	396	2 119	6 917	13 857	-	-	23 289	23 300	11	87 480
Electricity	4 957	26 536	145 831	173 504	-	-	350 828	311 231	(39 597)	583 032
Gas	-	-	84 407	-	-	-	84 407	143 640	59 233	125 644
Guest supplies & entertainment	-	9 561	75 184	-	-	-	84 746	104 378	19 632	93 891
IT expenses	2 850	17 103	63 265	52 266	2 850	-	138 335	67 922	(70 413)	52 739
Insurance	31 407	106 326	162 785	46 471	-	-	346 992	259 065	(87 927)	263 276
Ground rental paid to Tribe	82	437	1 426	2 856	-	-	4 800	4 800	-	4 800
Legal expenses	1 044	5 586	36 524	18 231	-	-	61 385	29 270	(32 115)	67 806
Motor vehicle expense	812	4 349	14 193	28 433	-	-	47 786	43 661	(4 125)	60 924
Postage	107	365	18 918	2 107	-	-	21 497	26 645	5 148	21 942
Printing and stationery	4 653	24 998	30 240	25 193	-	-	85 083	81 888	(3 195)	91 314
Repairs and maintenance	1 677	37 558	306 112	168 146	-	74 434	587 928	566 534	(21 394)	785 474
Timeshare Replacements	-	-	149 223	-	-	-	149 223	386 440	237 217	283 564
Security	31 885	95 654	255 077	255 077	-	-	637 694	1 133 198	495 504	505 576
Shareholders and directors meetings	-	-	6 000	7 036	-	-	13 036	16 500	3 464	20 372
Telephone and fax	4 863	63 145	81 661	52 193	8 564	-	210 426	113 250	(97 176)	159 218
Travel	394	2 110	12 419	13 794	-	-	28 717	22 500	(6 217)	25 708
Utilities	(13 011)	(4 647)	(162 308)	(165 381)	-	-	(345 347)	538 665	884 012	606 036
Finance costs/Installment sale agreements	42	226	737	1 477	-	-	2 483	2 500	17	10 394
Interest paid	-	-	-	-	-	-	-	-	-	40 319
Salaries and wages	43 707	350 848	1 619 061	507 020	60 223	-	2 580 858	2 882 041	301 182	2 338 632
Staff expenses	2 105	18 545	81 314	31 408	2 944	-	136 317	141 230	4 914	132 313
Sundry expenses	965	5 464	64 396	20 415	467	-	91 708	40 298	(51 410)	77 443
Management fees	-	-	410 130	-	-	-	410 130	410 130	-	378 000
TOTAL EXPENDITURE	122 621	787 677	3 659 476	1 268 584	75 830	74 434	5 988 624	7 702 324	1 713 700	7 091 738
LEVY SURPLUS/(DEFICIT) FOR THE YEAR BEFORE:	18 739	133 986	1 050 157	1 096 346	(25 716)	(17 969)	2 255 540	488 678	1 766 863	683 010
Minus: Capital expenditure and replacements	16 378	130 166	4 272 044	596 353	-	-	5 014 941	1 139 000	(3 875 941)	921 502
Minus : Bad debts	-	-	77 126	-	-	-	77 126	140 596	63 470	92 412
Minus: Taxation	1 891	10 124	33 044	66 198	-	-	111 258	150 000	38 742	100 019
LEVY SURPLUS/(DEFICIT) TRANSFERRED TO/(FROM) RESERVES	470	(6 305)	(3 332 056)	433 795	(25 716)	(17 969)	(2 947 785)	(940 918)	(2 006 866)	(430 922)

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

INSURED:**COMPANY:****AGENCY:****POLICY NO:****PERIOD OF COVER:**

SODWANA BAY LODGE SHAREBLOCK LIMITED

SANTAM LIMITED

NEDBANK LIMITED

42/55119864394/3

01 JANUARY 2016 TO 01 JANUARY 2017

DETAILS		SUM INSURED	MONTHLY PREMIUM
FIRE			
BUILDINGS COMBINED		5,495,010	1,444
- H23 - Bruce C Rowley		160,656,826	43,917
- H24 - Sodwana Bay Retreat CC	3,000,000		
- H25 - HF Legend Eiendomme Eiendoms Beperk	2,348,830		
- H25 - HF Legend Eiendomme Eiendoms Beperk - BOATLOCKER	2,521,970		
- H26 - Labuschagne Family Trust	250,000		
- H27 - Sodwana 27 CC	4,201,569		
- H28 - Bruce C Rowley	2,348,830		
- H29 - Seascote Properties (Pty) Ltd	3,500,000		
- H30 - Sibaya Lake Lodge 30 CC	2,470,380		
- H31 - Phillip Marx	3,150,000		
- H31 - Phillip Marx - BOATLOCKER	2,470,380		
- H32 - Blithe Investments (Pty) Ltd	250,000		
- H33 - Gary J Prentice	3,000,000		
- H33 - Gary J Prentice - BOATLOCKER	2,567,345		
- H34 - The Johan Claassens Family Trust	250,000		
- H35 - Sodwana Leisure CC	2,527,690		
- H35 - Sodwana Leisure CC - BOATLOCKER	2,185,480		
- H36 - Lodge 36 Sodwana (Pty) Ltd	250,000		
- H37 - Bruce C Rowley	2,832,940		
- H38 - DM Sodwana (Pty) Ltd	3,000,000		
- H38 - DM Sodwana (Pty) Ltd - BOATLOCKER	2,196,590		
- H39 - Thakareze (Richards Bay) (Pty) Ltd	250,000		
- H39 - Thakareze (Richards Bay) (Pty) Ltd - BOATLOCKER	3,418,030		
- H40 - Johan Ernst	250,000		
- H40 - Johan Ernst - BOATLOCKER	6,447,320		
- H41 - The Shabiza Lodge Trust	250,000		
- H42 - Margot Seidle Trust No T8447	2,470,380		
- H43 - Tokedo (Pty) Ltd	3,607,560		
- H44 - Shazibe Beleggings Bpk	3,053,380		
- H44 - Shazibe Beleggings Bpk - BOATLOCKER	2,904,440		
- H45 - Die Van Zyl Familie Trust IT2161/04	250,000		
- H46 - Sordisands CC	2,245,485		
- H46 - Sordisands CC - BOATLOCKER	2,832,614		
- H47 - Dr D Laing & Dr AT Lombard	250,000		
- H48 - RE & LP Wyndham	2,136,585		
- H48 - RE & LP Wyndham - BOATLOCKER	3,300,000		
- H49 - HF Legend Eiendomme Eiendoms Beperk	250,000		
- H50 - Klaptops 266 (Pty) Ltd	3,077,659		
- H50 - Klaptops 266 (Pty) Ltd - BOATLOCKER	2,992,110		
- H51 - Lydtoy Beleggings (Edms) Bpk	250,000		
- H51 - Lydtoy Beleggings (Edms) Bpk - BOATLOCKER	2,992,110		
- H52 - Shazibe CC	250,000		
- H53 - RP & FR & R Evans/L Schworer/GE & L vd Merwe	2,040,940		
- H54 - Sodwana Share (Pty) Ltd	2,679,820		
- H55 - Durovest 17 (Pty) Ltd	2,679,820		
- H56 - Mr RE Beer & Inka Trust 9157/02	2,600,000		
- H57 - Sodwana Leisure CC	2,672,947		
- H57 - Sodwana Leisure CC - BOATLOCKER	2,831,290		
- H58 - Erson Investments (Pty) Ltd	250,000		
- H59 - Maritz Trust	2,587,310		
- H60 - Club Sodwana (Pty) Ltd	1,760,880		
- H61 - See Rauber Bude Trust IT11823/96	2,679,820		
- H62 - Alitori 1477 CC	2,857,378		
- Tophouse - R Scott	2,887,562		
- Hotel & Timeshare services	1,200,000		
- SASRIA	42,128,382		
OFFICE CONTENTS	1,000		
BUSINESS INTERRUPTIONS		475,320	434
ACCOUNTS RECEIVABLE		7,421,000	1,298
THEFT		751,000	63
MONEY		60,000	250
GLASS		23,000	83
GOODS IN TRANSIT		34,640	105
ACCIDENTAL DAMAGE		26,000	83
PUBLIC LIABILITY		501,000	146
MOTOR		50,000,000	2,080
- 2009 TOYOTA HILUX 2.5 - NHL7456		5,750,817	2,033
- 2010 NEW HOLLAND TRACTOR 5610 4WD	183,700		
- 2010 TRAILER	372,000		
- 2006 YAMAHA YFM 250 BRUIN	31,208		
- 2006 YAMAHA TIMBERWOLF 200CC 4W	28,000		
- 1995 REFUSE FIRE TRAILER	35,909		
- Polaris	25,000		
- CONTINGENT LIABILITY	75,000		
- PARKING FACILITIES	2,500,000		
MACHINERY BREAKDOWN			
- GENERATOR JOHN DEERE		551,000	848
- GENERATOR SCENIA	175,000		
ELECTRONIC EQUIPMENT	376,000		
- COMPUTER EQUIPMENT		205,660	524
- LAPTOP	143,660		
- INCREASED COST OF WORKING	11,000		
- REINSTATEMENT OF DATA	20,000		
SASRIA	31,000		
TOTAL		231,951,273	57,334