

**Knysnadoc Investment Holdings (Pty) Ltd
(Registration number 2003/020630/07)
Financial statements
for the year ended 28 February 2014**

Knysnadic Investment Holdings (Pty) Ltd
Financial Statements for the year ended 28 February 2014

General Information

Company registration number	2003/020630/07
Directors	Johan Olivier Wilco Eloff Mohan Narran Alfred Anthony Da Costa
Registered office	Thesen House No 6 Long Street Knysna 6571
Postal address	PO Box 3459 Knysna 6570
Auditors	MeyerOtto Incorporated Registered Auditors
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The financial statements were independently compiled by: Z Liebenberg (Chartered Accountant S.A.)
Published	21 June 2014

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

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Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The directors have reviewed the company's cash flow forecast for the year to 28 February 2015 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 3.

The financial statements set out on pages 5 to 24, which have been prepared on the going concern basis, were approved by the board on ...21 June 2014... and were signed on its behalf by:



Director



Director

Independent Auditors' Report

To the shareholders of Knysnadic Investment Holdings (Pty) Ltd

We have audited the financial statements of Knysnadic Investment Holdings (Pty) Ltd, as set out on pages 7 to 22, which comprise the statement of financial position as at 28 February 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Knysnadic Investment Holdings (Pty) Ltd as at 28 February 2014, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act 71 of 2008.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 28 February 2014, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between that report and the audited financial statements. The directors' report is the responsibility of the directors. Based on reading that report we have not identified material inconsistencies between it and the audited financial statements. However, we have not audited the directors' report and accordingly do not express an opinion thereon.



MeyerOtto Incorporated
Registered Auditors
P Otto
Director

21 June 2014

Knysnadoc Investment Holdings (Pty) Ltd
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Directors' Report

The directors have pleasure in submitting their report on the financial statements of Knysnadoc Investment Holdings (Pty) Ltd for the year ended 28 February 2014.

1. Nature of business

Knysnadoc Investment Holdings (Pty) Ltd was incorporated in South Africa and is engaged in investment in property and property development projects.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

3. Share capital

Authorised			2014	2013
Ordinary shares			Number of shares	Number of shares
			1,500,000	1,500,000
Issued	2014	2013	2014	2013
Ordinary shares	R	R	Number of shares	Number of shares
	10,151,423	10,158,923	436,817	436,308

Refer to note 9 of the financial statements for detail of the movement in authorised and issued share capital.

4. Authority to buy back shares

At the last annual general meeting held on 19 October 2013, shareholders gave the directors a general approval in terms of section 48 of the Companies Act 71 of 2008, by way of special resolution, for the acquisition of its own shares. This general approval is valid only until the next annual general meeting.

1,800 shares were repurchased at an average price of R20 per share during the current year in terms of this general approval.

5. Dividends

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board may consider a special dividend, where appropriate. The company's policy is that 33% of the profit should be declared as a dividend if the company has sufficient funds to cover its operating expenses.

Final dividend of 47 cents per share was approved by the board on 02 August 2013 of the year ended 28 February 2013. The dividends were paid to shareholders recorded in the register of the company at close of business on 30 September 2013.

The local dividends tax rate is 15%. The company has no STC credit available.

**Knysnadoc Investment Holdings (Pty) Ltd
Financial Statements for the year ended 28 February 2014**

Directors' Report

6. Directors

The directors in office at the date of this report were as follows:

Directors	Changes
Johan Olivier	
Wilco Eloff	
Jayaseelan Moodliar	Resigned 19 October 2013
Mohan Narran	
Alfred Anthony Da Costa	Appointed 19 October 2013

7. Events after the reporting period

The Pinnacle Point property was sold after year end for R763,000 including VAT. The proceeds was used to reduce the outstanding bond over the property and the company had to pay an additional R640,159 to ABSA to pay off the bond account.

8. Auditors

MeyerOtto Incorporated continued in office as auditors for the company for 2014.

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Statement of Financial Position as at 28 February 2014

	Note(s)	2014 R	2013 R
Assets			
Non-Current Assets			
Investment property	2	17,400,575	17,476,890
Property, plant and equipment	3	3,975	6,244
Other financial assets	4	24,035	22,035
Deferred tax	5	58,811	44,380
Investment in artwork	6	450,000	450,000
		17,937,396	17,999,549
Current Assets			
Other financial assets	4	2,937,776	2,937,776
Trade and other receivables	7	204,129	180,201
Cash and cash equivalents	8	3,244,666	509,896
		6,386,571	3,627,873
Total Assets		24,323,967	21,627,422
Equity and Liabilities			
Equity			
Share capital	9	10,151,423	10,158,923
Retained income		6,055,964	5,438,717
		16,207,387	15,597,640
Liabilities			
Non-Current Liabilities			
Other financial liabilities	11	6,455,979	4,289,591
Deferred tax	5	1,012,461	951,700
		7,468,440	5,241,291
Current Liabilities			
Other financial liabilities	11	409,863	599,455
Current tax payable		149,562	53,780
Trade and other payables	12	64,707	135,256
Dividend payable		24,008	-
		648,140	788,491
Total Liabilities		8,116,580	6,029,782
Total Equity and Liabilities		24,323,967	21,627,422

Knysnadoc Investment Holdings (Pty) Ltd
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Statement of Comprehensive Income

	Note(s)	2014 R	2013 R
Revenue	13	2,183,429	1,565,717
Other income		55,481	-
Operating expenses		(625,211)	(584,181)
Operating profit	14	1,613,699	981,536
Investment revenue	15	3,442	1,857
Fair value adjustments	16	(74,316)	2,000
Finance costs	17	(307,872)	(212,732)
Profit before taxation		1,234,953	772,661
Taxation	18	(413,001)	(211,330)
Profit for the year		821,952	561,331
Other comprehensive income		-	-
Total comprehensive income for the year		821,952	561,331

Knysnadoc Investment Holdings (Pty) Ltd
Financial Statements for the year ended 28 February 2014

Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Retained income	Total equity
	R	R	R	R	R
Balance at 01 March 2012	436,308	9,722,615	10,158,923	4,877,386	15,036,309
Profit for the year	-	-	-	561,331	561,331
Other comprehensive income	-	-	-	-	-
Movement in deferred tax	-	-	-	561,331	561,331
Balance at 01 March 2013	436,308	9,722,615	10,158,923	5,438,717	15,597,640
Profit for the year	-	-	-	821,952	821,952
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	-	821,952	821,952
Purchase of own shares	(1,491)	(34,009)	(35,500)	-	(35,500)
Issue of shares	2,000	26,000	28,000	-	28,000
Dividends	-	-	-	(204,705)	(204,705)
Total contributions by and distributions to owners of company recognised directly in equity	509	(8,009)	(7,500)	(204,705)	(212,205)
Balance at 28 February 2014	436,817	9,714,606	10,151,423	6,055,964	16,207,387
Note(s)	9	9	9		

Knysnadoc Investment Holdings (Pty) Ltd
Financial Statements for the year ended 28 February 2014

Statement of Cash Flows

	Note(s)	2014 R	2013 R
Cash flows from operating activities			
Cash receipts from customers		2,214,982	1,973,106
Cash paid to suppliers and employees		(693,491)	(565,719)
Cash generated from operations	20	1,521,491	1,407,387
Interest income		3,442	1,857
Tax paid		(270,888)	(174,285)
Net cash from operating activities		1,254,045	1,234,959
Cash flows from investing activities			
Purchase of property, plant and equipment	3	-	(6,807)
Purchase of investment property	2	-	(1,915,485)
Sale of financial assets		-	37,189
Net cash from investing activities		-	(1,885,103)
Cash flows from financing activities			
Reduction of share capital or buy back of shares	9	(7,500)	-
Proceeds from financial liabilities		1,976,794	1,191,629
Dividends paid		(180,697)	-
Finance costs		(307,872)	(212,732)
Net cash from financing activities		1,480,725	978,897
Total cash movement for the year		2,734,770	328,753
Cash at the beginning of the year		509,896	181,143
Total cash at end of the year	8	3,244,666	509,896

Knysnadc Investment Holdings (Pty) Ltd
Financial Statements for the year ended 28 February 2014

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Investment property

Investment property is land and buildings held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. In addition, only investment property whose fair value can be measured reliably without undue cost or effort on an ongoing basis is included in investment property. All other investment property is included in property, plant and equipment.

Investment property is initially recognised at cost.

The cost of investment property comprises its purchase price and any directly attributable costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. If payment is deferred beyond normal credit terms, the cost is the present value of all future payments.

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

After initial recognition, investment property is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

1.2 Property, plant and equipment

Property, plant and equipment are tangible items that:

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

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

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

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

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

Item	Average useful life
Office equipment	3 - 5 years
Computer equipment	3 years

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

Knysnadoc Investment Holdings (Pty) Ltd
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Accounting Policies

1.2 Property, plant and equipment (continued)

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

1.3 Financial instruments

Financial instruments at amortised cost

Debt instruments, as defined in the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At the end of each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

All financial assets whose fair value cannot otherwise be measured reliably, and which do not meet the criteria to be designated as an instruments measured at amortised cost, are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

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.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences and for the carry forward of unused tax losses and unused tax credits.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The deferred tax balance reflects the effect of the possible outcomes of a review by the tax authorities.

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Accounting Policies

1.4 Tax (continued)

Tax expenses

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

1.5 Impairment of assets

The company assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

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

1.6 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.

If the company reacquires its own equity instruments, those instruments are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.7 Share based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions, the goods or services received, and the corresponding increase in equity, are measured directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instrument granted.

1.8 Employee benefits

Short-term employee benefits

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

1.9 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Knysnadoc Investment Holdings (Pty) Ltd
Financial Statements for the year ended 28 February 2014

Accounting Policies

1.9 Revenue (continued)

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

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Financial Statements for the year ended 28 February 2014

Notes to the Financial Statements

	2014 R	2013 R
2. Investment property		
	2014	2013
	Fair value	Fair value
Investment property	17,400,575	17,476,890
Total	17,400,575	17,476,890

Reconciliation of investment property - 2014

	Opening balance	Fair value adjustments	Total
Investment property	17,476,890	(76,315)	17,400,575

Reconciliation of investment property - 2013

	Opening balance	Additions	Total
Investment property	15,561,405	1,915,485	17,476,890

Pledged as security

Investment property used for mortgage bonds in favour of Standard Bank, ABSA Bank and Nedbank. Refer to note 11:

Knysna Quays	14,815,790	14,815,790
Pinnacle Point	669,300	745,615

Details of property

	Cost	Revaluation	2014 Total	2013 Total
Knysna Quays Protea Hotel - 27 units (2013: 27 units)	9,319,953	5,495,837	14,815,790	14,815,790
Erf 19760 Pinnacle Point	1,963,191	(1,293,891)	669,300	745,615
81 Cawood Street, Port Elizabeth	1,915,485	-	1,915,485	1,915,485
	13,198,629	4,201,946	17,400,575	17,476,890

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

Details of valuation

The effective date of the revaluations was 29 February 2012. The Knysna Quays Protea Hotel units were valued by National Realtors Group. Revaluations were performed by independent estate agents and they are not connected to the company and have recent experience in location and category of the investment property being valued.

The valuation was based on open market value for existing use.

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Notes to the Financial Statements

	2014 R	2013 R
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2. Investment property (continued)

The directors are of the opinion that the market value of the property has not changed for the Knysna Quays Protea Hotel units and the Cawood Street property in Port Elizabeth. Pinnacle Point was sold after year end and the fair value was written down to the selling price of the property.

3. Property, plant and equipment

	2014			2013		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
Office equipment	18,252	(18,250)	2	18,252	(18,250)	2
Computer equipment	27,296	(23,323)	3,973	27,296	(21,054)	6,242
Total	45,548	(41,573)	3,975	45,548	(39,304)	6,244

Reconciliation of property, plant and equipment - 2014

	Opening balance	Depreciation	Total
Office equipment	2	-	2
Computer equipment	6,242	(2,269)	3,973
	6,244	(2,269)	3,975

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Total
Office equipment	1,213	-	(1,211)	2
Computer equipment	926	6,807	(1,491)	6,242
	2,139	6,807	(2,702)	6,244

4. Other financial assets

At fair value

John Daniel Holdings Ltd 200,000 shares	24,000	22,000
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At amortised cost

Beneficial interest in Knysna Quays Hotel Trust	35	35
Knysna Quays Hotel Trust This loan is unsecured, interest free and is only repayable when the trustees decide it is repayable in accordance with the Trust deed.	2,937,776	2,937,776
	2,937,811	2,937,811
Total other financial assets	2,961,811	2,959,811

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Notes to the Financial Statements

	2014 R	2013 R
4. Other financial assets (continued)		
Non-current assets		
At fair value	24,000	22,000
At amortised cost	35	35
	24,035	22,035
Current assets		
At amortised cost	2,937,776	2,937,776
	2,961,811	2,959,811

The trustee valuation of the beneficial interest and loans to Knysna Quays Hotel Trust is currently R150,000 per share. The total valuation is R5,250,000 (2013: R4,620,000).

Details of investments

Listed - at fair value

John Daniel Holdings Ltd 12 cent per share (11 cent per share) 24,000 22,000

Unlisted - at cost

Knysna Quays Hotel Trust beneficial interest 35 35
Knysna Quays Hotel Trust loan account 2,937,776 2,937,776

2,961,811 **2,959,811**

5. Deferred tax

Deferred tax liability

Investment property (1,012,461) (951,700)

Deferred tax asset

Other financial assets 58,811 44,380

Deferred tax liability (1,012,461) (951,700)

Deferred tax asset 58,811 44,380

Total net deferred tax liability **(953,650)** **(907,320)**

Reconciliation of deferred tax asset \ (liability)

At beginning of year (907,320) (913,099)

Temporary difference movement on tangible fixed assets - 599

Temporary difference on investment property and investments (46,330) 5,180

(953,650) **(907,320)**

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Notes to the Financial Statements

	2014 R	2013 R
5. Deferred tax (continued)		
Use and sales rate		
The deferred tax rate applied to the fair value adjustments of financial assets is determined by the expected manner of recovery. Where the expected recovery of the financial assets is through sale the capital gains tax rate of 18.67% (2013: 18.67%) is used. If the expected manner of recovery is through indefinite use the normal tax rate of 28% (2013: 28%) is applied.		
If the manner of recovery is partly through use and partly through sale, a combination of capital gains rate and normal tax rate is used.		
6. Investment in artwork		
	Cost price	Revaluation
Nelson Mandela Lithographs	769,000	(319,000)
	2014 Total	2013 Total
	450,000	450,000
7. Trade and other receivables		
Trade receivables	36,181	33,501
Prepayments	-	12,268
Rental Pool receivable	167,948	133,097
Other receivable	-	1,335
	204,129	180,201
8. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	3,244,666	509,896
9. Share capital		
Authorised		
1 500 000 Ordinary shares of R1 each	1,500,000	1,500,000
Reconciliation of number of shares issued:		
Reported as at 01 March 2011	436,308	436,308
Issue of shares to directors – ordinary shares	2,000	-
Shares buy back	(1,491)	-
	436,817	436,308
Issued		
Ordinary	436,817	436,308
Share premium	9,714,606	9,722,615
	10,151,423	10,158,923

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Notes to the Financial Statements

	2014 R	2013 R
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10. Share based payments

At the last annual general meeting held on 19 October 2013, shareholders gave permission that 500 shares be issued to each of the directors annually for their services as directors.

The following was issued during the year:

	Number	Weighted average exercise price	Total value
Outstanding at the beginning of the year	-	-	-
Granted during the year	2,000	14	28,000
Exercised during the year	(2,000)	(14)	(28,000)
Outstanding at the end of the year	-	-	-

Information of shares issued during the year

The fair value of services received was measured by determining the fair value of the shares issued to directors. The fair value of shares issued was determined by using the share prices of share transfers during the financial year.

Directors remuneration of R 28,000 related to share based payment transactions were recognised during the 2014 financial year.

11. Other financial liabilities

At amortised cost

Bank loans	6,865,842	4,889,046
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Non-current liabilities

At amortised cost	6,455,979	4,289,591
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Current liabilities

At amortised cost	409,863	599,455
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6,865,842 4,889,046

**Directors' estimate of fair value of the financial liabilities
carried at amortised cost**

Bank loans	6,865,842	4,889,046
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	Outstanding loan amount	Monthly installments	Interest rate	Surety
ABSA Bank (8062635322)	1,239,008	19,426	7.0 %	Erf 17960 Mossel Bay
Nedbank (8001648659001)	2,481,784	18,529	8.1 %	Knysna Quays unit 16,17,57,70,7 5
Nedbank (8001648659101)	2,197,026	29,880	8.1 %	10 units at Knysna Quays

Knysnadoc Investment Holdings (Pty) Ltd
Financial Statements for the year ended 28 February 2014

Notes to the Financial Statements

			2014 R	2013 R
11. Other financial liabilities (continued)				
Standard Bank (212797824)	948,024	9,570	7.1 %	Knysna Quays section 47,49,73,103
	6,865,842	77,405	7.6 %	
12. Trade and other payables				
Trade payables			19,079	6,341
SA Revenue Services - VAT			2,331	29,015
Accrued audit fees			-	24,500
Deposits received			35,237	-
Other payables			8,060	75,400
			64,707	135,256
13. Revenue				
Rental Income - Knysna Quays Rental Pool			1,197,716	967,669
Rental Income - Knysna Quays Hotel Trust			620,550	568,661
Rental Income - 81 Cawood Street, PE			365,163	29,387
			2,183,429	1,565,717
14. Operating profit				
Operating profit for the year is stated after accounting for the following:				
Operating lease charges				
Premises				
• Contractual amounts			25,220	23,280
Depreciation on property, plant and equipment			2,269	2,703
Employee costs			339,005	378,512
15. Investment revenue				
Interest revenue				
Bank			3,442	1,857
16. Fair value adjustments				
Investment property			(76,316)	-
Other financial assets			2,000	2,000
			(74,316)	2,000

Knysnadoc Investment Holdings (Pty) Ltd
Financial Statements for the year ended 28 February 2014

Notes to the Financial Statements

	2014 R	2013 R
17. Finance costs		
Bank	-	13
Late payment of tax	268	233
Non-current borrowings	307,604	212,486
	307,872	212,732
18. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	366,670	217,109
Deferred		
Originating and reversing temporary differences	46,331	(5,779)
	413,001	211,330
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	1,234,953	772,661
Tax at the applicable tax rate of 28% (2013: 28%)	345,787	216,345
Tax effect of adjustments on taxable income		
Income not taxable	-	(560)
Expenses not deductible	75	725
Part of deferred tax provided	67,139	(5,180)
	413,001	211,330
The following capital losses are available for offsetting against future capital gains:		
Capital losses carried forward		
Lazaron share conversion to John Daniel Holdings	(39,000)	(39,000)
19. Auditors' remuneration		
Audit	30,000	30,000
Monthly accounting	12,000	12,000
Secretarial services	7,447	-
Taxation services	3,790	955
	53,237	42,955

Knysnadoc Investment Holdings (Pty) Ltd
Financial Statements for the year ended 28 February 2014

Notes to the Financial Statements

	2014	2013
	R	R
20. Cash generated from operations		
Profit before taxation	1,234,953	772,661
Adjustments for:		
Depreciation and amortisation	2,269	2,703
Interest received - investment	(3,442)	(1,857)
Finance costs	307,872	212,732
Fair value adjustments	74,316	(2,000)
Changes in working capital:		
Trade and other receivables	(23,928)	370,200
Trade and other payables	(70,549)	52,948
	1,521,491	1,407,387

21. Related parties

Relationships

Members of key management

J Olivier
M Narran
J Moodliar (resigned 19 October 2013)
WJ Eloff

Investment in Knysna Quays Hotel Trust
Other entity jointly controlled by a member of key management

AA Da Costa
29% share in beneficial interest of Trust
J Olivier and J Moodliar are trustees of the Knysna Quays Hotel Trust and the Knysna Quays Body Corporate

Related party balances and transactions with entities with control, joint control or significant influence over the company

Related party balances

Trade and other receivables

Rental pool receivable from the Knysna Quays Body Corporate	167,948	133,097
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Related party transactions

Rent received from related parties

Knysna Quays Rental Pool	1,197,716	967,669
Knysna Quays Hotel Trust	620,550	568,661

Compensation to directors and other key management

Short-term employee benefits	235,000	192,000
Share-based payment	28,000	-

	263,000	192,000
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Knysnadoc Investment Holdings (Pty) Ltd
Financial Statements for the year ended 28 February 2014

Detailed Income Statement

	Note(s)	2014 R	2013 R
Revenue			
Rental Income - Knysna Quays Rental Pool		1,197,716	967,669
Rental Income - Knysna Quays Hotel Trust		620,550	568,661
Rental Income - 81 Cawood Street, PE		365,163	29,387
	13	2,183,429	1,565,717
Other income			
Interest received	15	3,442	1,857
Fair value adjustments - other financial assets	16	2,000	2,000
Recoveries - Cawood Street municipal charges		55,481	-
		60,923	3,857
Operating expenses			
Accounting fees		-	8,496
Advertising		-	456
Assessment rates & municipal charges		89,986	8,472
Auditors remuneration	19	53,237	42,955
Bank charges		7,388	11,878
Computer expenses		2,486	4,795
Depreciation, amortisation and impairments		2,269	2,703
Electricity		2,616	2,578
Employee costs		339,005	378,512
Entertainment		16,872	8,131
Flowers & gifts		648	3,190
Insurance		26,590	10,457
Lease rentals on operating lease		25,220	23,280
Legal expenses		-	2,591
Levies		28,243	19,528
Postage		202	428
Printing and stationery		3,247	2,453
Secretarial fees		-	1,754
Security		6,315	3,809
Telephone and fax		14,935	15,249
Travel - local		3,212	29,456
Web hosting		2,740	3,010
		625,211	584,181
Operating profit	14	1,619,141	985,393
Finance costs	17	(307,872)	(212,732)
Fair value adjustments - Investment property	16	(76,316)	-
		(384,188)	(212,732)
Profit before taxation		1,234,953	772,661
Taxation	18	(413,001)	(211,330)
Profit for the year		821,952	561,331

Knysnadoc Investment Holdings (Pty) Ltd
Financial Statements for the year ended 28 February 2014

Tax Computation

	2014
	R
Net profit per income statement	1,234,953
Permanent differences (Non-deductable/Non taxable items)	
Interest, penalties paid in respect of taxes (s 23(d))	268
Temporary differences	
Fair value adjustments - Other financial assets	(2,000)
Fair value adjustments - Investment property	76,316
	74,316
Taxable income for 2014	1,309,537
Tax thereon @ 28% in the Rand	366,670
Reconciliation of tax balance	
Amount owing/(prepaid) at the beginning of year	53,780
Amount refunded/(paid) in respect of prior year	(53,780)
Amount owing/(prepaid) in respect of prior year	-
Tax owing/(prepaid) for the current year:	
Normal tax	
Per calculation	366,670
1st provisional payment	(81,665)
2nd provisional payment	(135,443)
	149,562
Amount owing/(prepaid) at the end of year	149,562