Knysnadoc Investment Holdings (Pty) Ltd
(Registration number 2003/020630/07)
Financial statements
for the year ended 28 February 2015

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
Auditor's	Moore Stephens MO 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.)
Issued	20 June 2015

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

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 29 February 2016 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 auditor's 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 ......20/6/2015......... and were signed on its behalf by:

Director

Director

Long live sensible

MOORE STEPHENS

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Independent Auditor's Report

To the shareholders of Knysnadoc Investment Holdings (Pty) Ltd

We have audited the financial statements of Knysnadoc Investment Holdings (Pty) Ltd, as set out on pages 6 to 22, which comprise the statement of financial position as at 28 February 2015, and the statement of profit or loss and other 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.

Auditor's 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 auditor's 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 Knysnadoc Investment Holdings (Pty) Ltd as at 28 February 2015, 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.

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Other matter

Without qualifying our opinion, we draw your attention to the fact that the supplementary information as set out on pages 23 to 24 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 28 February 2015, 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.

Moore Stephens MO Inc

Moore Stephens MO Incorporated
Registered Auditors
P Otto
Director

20 June 2015

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 2015.

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

	2015	2014
Authorised	**Number of shares**	
Ordinary shares	1 500 000	1 500 000

	2015	2014	2015	2014
Issued	**R**	**R**	**Number of shares**	
Ordinary shares	10 151 423	10 158 923	436 817	436 308

Refer to note 10 of the financial statements for detail of the movement in issued share capital.

4. Dividends

The company's dividend policy is to consider 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.

A final dividend of 63 cents per share was approved by the board on 13 September 2014 of the year ended 28 February 2014. The dividends were paid to shareholders recorded in the register of the company at close of business on 31 July 2014.

5. Directors

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

Directors
Johan Olivier
Wilco Eloff
Mohan Narran
Alfred Anthony Da Costa

6. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

7. Auditors

Moore Stephens MO Incorporated continued in office as auditors for the company for 2015.

Statement of Financial Position

	Note(s)	2015 R	2014 R
Assets			
Non-Current Assets			
Investment property	2	14 657 895	17 400 574
Property, plant and equipment	3	1 706	3 975
Other financial assets	4	34 035	24 035
Deferred tax	5	56 944	58 811
Operating lease asset	6	25 968	-
Investment in artwork	7	450 000	450 000
		15 226 548	**17 937 395**
Current Assets			
Other financial assets	4	2 937 776	2 937 776
Operating lease asset	6	65 109	-
Trade and other receivables	8	239 927	204 129
Cash and cash equivalents	9	507 871	3 244 666
		3 750 683	**6 386 571**
Total Assets		**18 977 231**	**24 323 966**
Equity and Liabilities			
Equity			
Share capital	10	10 099 423	10 151 423
Retained income	12	4 857 931	6 055 964
		14 957 354	**16 207 387**
Liabilities			
Non-Current Liabilities			
Other financial liabilities	13	2 735 180	6 455 979
Deferred tax	5	872 419	1 012 461
		3 607 599	**7 468 440**
Current Liabilities			
Other financial liabilities	13	278 870	409 863
Current tax payable		14 336	149 562
Trade and other payables	14	65 677	64 706
Dividend payable		53 395	24 008
		412 278	**648 139**
Total Liabilities		**4 019 877**	**8 116 579**
Total Equity and Liabilities		**18 977 231**	**24 323 966**

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2015 R	2014 R
Revenue	15	2 456 756	2 183 429
Other income		40 795	55 481
Operating expenses		(651 184)	(625 213)
Operating profit	16	**1 846 367**	**1 613 697**
Investment revenue	17	9 859	3 442
Fair value adjustments	18	(2 173 380)	(74 316)
Finance costs	19	(328 868)	(307 872)
(Loss) profit before taxation		**(646 022)**	**1 234 951**
Taxation	20	(281 064)	(413 001)
(Loss) profit for the year		**(927 086)**	**821 950**
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		**(927 086)**	**821 950**
(Loss) profit attributable to:			
Normal business operations		1 081 077	942 597
Revaluation of investment property, other financial assets and investment in artwork		(2 008 163)	(120 647)
		(927 086)	**821 950**

Statement of Changes in Equity

	Share capital R	Share premium R	Total share capital R	Retained income R	Total equity R
Balance at 01 March 2013	**436 308**	**9 722 615**	**10 158 923**	**5 438 717**	**15 597 640**
Changes in equity					
Total comprehensive income for the year	-	-	-	821 950	821 950
Purchase of own shares	(1 491)	(34 009)	(35 500)	-	(35 500)
Issue of shares	2 000	26 000	28 000	-	28 000
Dividends	-	-	-	(204 703)	(204 703)
Total changes	509	(8 009)	(7 500)	617 247	609 747
Balance at 01 March 2014	**436 817**	**9 714 606**	**10 151 423**	**6 055 964**	**16 207 387**
Changes in equity					
Total comprehensive loss for the year	-	-	-	(927 086)	(927 086)
Purchase of own shares	(5 000)	(87 000)	(92 000)	-	(92 000)
Issue of shares	2 000	38 000	40 000	-	40 000
Dividends	-	-	-	(270 947)	(270 947)
Total changes	(3 000)	(49 000)	(52 000)	(1 198 033)	(1 250 033)
Balance at 28 February 2015	**433 817**	**9 665 606**	**10 099 423**	**4 857 931**	**14 957 354**
Note(s)	10	10	10	12	

Statement of Cash Flows

	Note(s)	2015 R	2014 R
Cash flows from operating activities			
Cash receipts from customers		2 330 061	2 214 982
Cash paid to suppliers and employees		(558 943)	(693 493)
Cash generated from operations	22	1 771 118	1 521 489
Interest income		9 859	3 442
Tax paid		(554 468)	(270 888)
Net cash from operating activities		**1 226 509**	**1 254 043**
Cash flows from investing activities			
Purchase of investment property	2	(110 000)	-
Sale of investment property	2	620 913	-
Net cash from investing activities		**510 913**	**-**
Cash flows from financing activities			
Reduction of share capital or buy back of shares	10	(52 000)	(7 500)
Repayment of other financial liabilities		(3 851 792)	1 976 794
Dividends paid		(241 557)	(180 697)
Finance costs		(328 868)	(307 872)
Net cash from financing activities		**(4 474 217)**	**1 480 725**
Total cash movement for the year		**(2 736 795)**	**2 734 768**
Cash at the beginning of the year		3 244 666	509 898
Total cash at end of the year	9	**507 871**	**3 244 666**

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
IT 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.

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.

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 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 - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term except in cases where another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or where the payments are structured to increase in line with expected general inflation.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term except in cases where another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or where the payments are structured to increase in line with expected general inflation.

1.6 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.

1.7 Share capital and equity

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

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.

1.8 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.

1.8 Share based payments (continued)

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.

1.9 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.

1.10 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.

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

	2015 R	2014 R

2. Investment property

	2015	2014
	Fair value	**Fair value**
Investment property	14 657 895	17 400 574
Total	**14 657 895**	**17 400 574**

Reconciliation of investment property - 2015

	Opening balance	Additions	Disposals	Fair value adjustments	Total
Investment property	17 400 574	110 000	(669 300)	(2 183 379)	14 657 895

Reconciliation of investment property - 2014

	Opening balance	Fair value adjustments	Total
Investment property	17 476 889	(76 315)	17 400 574

Pledged as security

Investment property is used for security for mortgage bonds in favour of Standard Bank and Nedbank. Refer to note 13:

Knysna Quays	12 070 175	14 815 790
Pinnacle Point	-	745 615

Details of property

	Cost	Revaluation	2015 Total	2014 Total
Knysna Quays Protea Hotel - 27 units (2011: 27 units)	9 319 953	2 750 222	12 070 175	14 815 790
Erf 19760 Pinnacle Point	-	-	-	669 300
81 Cawood Street, Port Elizabeth	2 025 485	562 235	2 587 720	1 915 485
	11 345 438	**3 312 457**	**14 657 895**	**17 400 575**

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.

	2015 R	2014 R

3. Property, plant and equipment

	2015			2014		
	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	(25 592)	1 704	27 296	(23 323)	3 973
Total	**45 548**	**(43 842)**	**1 706**	**45 548**	**(41 573)**	**3 975**

Reconciliation of property, plant and equipment - 2015

	Opening balance	Depreciation	Total
Office equipment	2	-	2
Computer equipment	3 974	(2 269)	1 705
	3 976	**(2 269)**	**1 707**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Depreciation	Total
Office equipment	2	-	2
Computer equipment	6 242	(2 268)	3 974
	6 244	**(2 268)**	**3 976**

4. Other financial assets

	2015	2014
At fair value		
Ecsponent Ltd 200,000 shares	34 000	24 000
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	**2 971 811**	**2 961 811**
Non-current assets		
At fair value	34 000	24 000
At amortised cost	35	35
	34 035	**24 035**

	2015 R	2014 R

4. Other financial assets (continued)

	2015 R	2014 R
Current assets		
At amortised cost	2 937 776	2 937 776
	2 971 811	**2 961 811**

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 (2014: R5,250,000).

Details of investments

	2015 R	2014 R
Listed - at fair value		
Ecsponent Ltd 17 cent per share (12 cent per share)	34 000	24 000
Unlisted - at cost		
Knysna Quays Hotel Trust beneficial interest	35	35
Knysna Quays Hotel Trust loan account	2 937 776	2 937 776
	2 971 811	**2 961 811**

5. Deferred tax

Deferred tax liability

	2015 R	2014 R
Accrued income	(25 502)	-
Investment property	(846 917)	(1 012 461)
Total deferred tax liability	**(872 419)**	**(1 012 461)**

Deferred tax asset

	2015 R	2014 R
Other financial assets	56 944	58 811

	2015 R	2014 R
Deferred tax liability	(872 419)	(1 012 461)
Deferred tax asset	56 944	58 811
Total net deferred tax liability	**(815 475)**	**(953 650)**

Reconciliation of deferred tax asset \ (liability)

	2015 R	2014 R
At beginning of year	(953 651)	(907 321)
Temporary difference on investment property and investments	163 677	(46 330)
Temporary difference accrued income	(25 501)	-
	(815 475)	**(953 651)**

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% (2014: 18.67%) is used. If the expected manner of recovery is through indefinite use the normal tax rate of 28% (2014: 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.

Notes to the Financial Statements

	2015 R	2014 R

6. Operating lease asset (accrual)

	2015 R	2014 R
Non-current assets	25 968	-
Current assets	65 109	-
	91 077	**-**

Knynadoc Investment Holdings (Pty) Ltd leases property to The Hope Factory. A new lease agreement was signed for the lease period from 1 April 2014 to 14 December 2019. The average yearly rental is R 514,483. The lease agreement is renewable at the end of the lease period for a further 3 years.

Future minimum rent receivable	**1 year**	**2 - 5 years**	**Total**
	449 374	2 106 933	2 556 307

7. Investment in artwork

	Cost price	**Revaluation**	**2015 Total**	**2014 Total**
Nelson Mandela Lithographs	769 000	(319 000)	450 000	450 000

8. Trade and other receivables

	2015 R	2014 R
Trade receivables	39 617	36 181
Knysna Quays Hotel Trust rental income	35 000	-
Knysna Quays Rental Pool	165 310	167 948
	239 927	**204 129**

9. Cash and cash equivalents

Cash and cash equivalents consist of:

	2015 R	2014 R
Bank balances	507 871	3 244 666

	2015 R	2014 R
10. 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	436 817	436 308
Issue of shares – ordinary shares	2 000	2 000
Capitalisation dividends	(5 000)	(1 491)
	433 817	**436 817**
Issued		
Ordinary	433 817	436 817
Share premium	9 665 606	9 714 606
	10 099 423	**10 151 423**

At the last annual general meeting held on 13 September 2014, shareholders gave the directors a general approval in terms of section 48 of 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.

5,000 shares were repurchased at an average price of R18.40 per share during the current year in terms of this general approval.

Refer to note 11 for more detail.

11. Share based payments

At the last annual general meeting held on 13 September 2014, 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:

Share Option Group	Number	Weighted average exercise price	Total value
Outstanding at the beginning of the year	-	-	-
Granted during the year	2 000	20	40 000
Exercised during the year	(2 000)	(20)	(40 000)
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 40 000 related to share based payment transactions were recognised during the 2015 financial year (R28 000 during 2014).

	2015 R	2014 R

12. Retained income

Retained income on year end consits of the following:

Normal business operations	2 638 908	3 122 669
Revaluation of assets	2 219 023	2 933 295
	4 857 931	**6 055 964**

13. Other financial liabilities

At amortised cost		
Bank loans	3 014 050	6 865 842
Non-current liabilities		
At amortised cost	2 735 180	6 455 979
Current liabilities		
At amortised cost	278 870	409 863
	3 014 050	**6 865 842**

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

Bank loans	3 014 050	6 865 842

	Outstanding loan amount	Monthly installments	Interest rate	Surety
Nedbank (8001648659001)	1 200 446	16 637	8.4 %	6 units at Knysna Quays
Nedbank (8001648659101)	918 110	15 848	8.4 %	7 units at Knysna Quays
Standard Bank (212797824)	895 494	9 944	7.1 %	4 units at Knysna Quays
	3 014 050	**42 429**	**7.9 %**	

14. Trade and other payables

Trade payables	16 939	19 078
SA Revenue Services - VAT	5 441	2 331
Rent Deposit - 81 Cawood Street, Port Elizabeth	35 237	35 237
Other payables	8 060	8 060
	65 677	**64 706**

Notes to the Financial Statements

	2015 R	2014 R
15. Revenue		
Rental Income - Knysna Quays Rental Pool	1 281 863	1 197 716
Rental Income - Knysna Quays Hotel Trust	668 690	620 550
Rental Income - 81 Cawood Street, PE	415 126	365 163
	2 365 679	**2 183 429**

16. Operating profit

Operating profit for the year is stated after accounting for the following:

	2015 R	2014 R
Operating lease charges		
Premises		
• Contractual amounts	21 340	25 220
Loss on sale of investment property	(48 387)	-
Depreciation on property, plant and equipment	2 269	2 269
Employee costs	361 842	339 006

17. Investment revenue

	2015 R	2014 R
Interest revenue		
Bank	9 859	3 442

18. Fair value adjustments

	2015 R	2014 R
Investment property (Fair value model)	(2 173 380)	(74 316)

19. Finance costs

	2015 R	2014 R
Other financial liabilities	310 755	307 604
South African Revenue Services	18 113	268
	328 868	**307 872**

Notes to the Financial Statements

	2015 R	2014 R
20. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	419 239	366 670
Deferred		
Originating and reversing temporary differences	(138 175)	46 331
	281 064	**413 001**
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting (loss) profit	(646 022)	1 234 951
Tax at the applicable tax rate of 28% (2014: 28%%)	(180 886)	345 787
Tax effect of adjustments on taxable income		
Expenses not deductible	18 620	75
Part of deferred tax provided	443 330	67 139
	281 064	**413 001**
21. Auditor's remuneration		
Fees for audit	31 500	30 000
Secretarial fees	4 644	7 447
Tax	2 015	3 790
Monthly financial statements	14 350	12 000
	52 509	**53 237**
22. Cash generated from operations		
(Loss) profit before taxation	(646 022)	1 234 951
Adjustments for:		
Depreciation and amortisation	2 269	2 269
Loss on sale of assets	48 387	-
Interest received	(9 859)	(3 442)
Finance costs	328 868	307 872
Fair value adjustments	2 173 380	74 316
Movements in operating lease assets and accruals	(91 077)	-
Changes in working capital:		
Trade and other receivables	(35 799)	(23 928)
Trade and other payables	971	(70 549)
	1 771 118	**1 521 489**

	2015 R	2014 R

23. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Investment property	2 700 000	-

The company has entered into an agreement whereby it has submitted an offer of R 2,700,000 to purchase investment property, 13 Third Avenue, Newton Park, Port Elizabeth. The seller has accepted the offer and Bidvest has been approached for financing. The approval for the financing was still pending at year end.

24. Related parties

Relationships

Members of key management	J Olivier M Narran AA Da Costa WJ Eloff
Investment in Knynsa Quays Hotel Trust	29% share in beneficial interest of Trust
Other entity jointly controlled by a member of key management	J Olivier is a trustee of the Knysna Quays Hotel Trust and of 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

	2015 R	2014 R
Trade and other receivables		
Rental pool receivable from the Knysna Quays Body Corporate	165 310	167 948

Related party transactions

	2015 R	2014 R
Rent received from related parties		
Rental Pool - Protea Quays Hotel	1 281 863	1 197 716
Rental Income - Knysna Quays Hotel Trust	668 690	620 550
Compensation to directors and other key management		
Short-term employee benefits	277 900	235 000
Shares received	40 000	28 000
	317 900	**263 000**

25. Directors' remuneration

Executive

2015

	Emoluments	Shares receive	Total
Johan Olivier	83 850	10 000	93 850
Wilco Eloff	62 350	10 000	72 350
Mohan Narran	65 850	10 000	75 850
Alfred Anthony Da Costa	65 850	10 000	75 850
	277 900	**40 000**	**317 900**

Detailed Income Statement

	Note(s)	2015 R	2014 R
Revenue			
Rental Income		2 456 756	2 183 429
Other income			
Recoveries - Cawood Street municipal charges		40 795	55 481
Interest received	17	9 859	3 442
		50 654	**58 923**
Operating expenses			
Assessment rates & municipal charges		63 536	89 986
Auditor's remuneration	21	52 509	53 237
Bank charges		10 910	7 388
Computer expenses		254	2 486
Depreciation, amortisation and impairments		2 269	2 269
Electricity		2 989	2 616
Employee costs		361 842	339 006
Entertainment		11 584	16 872
Flowers & gifts		440	648
Insurance		41 205	26 590
Lease rentals on operating lease		21 340	25 220
Legal expenses		2 000	-
Levies		9 095	28 243
Loss on disposal of assets		48 387	-
Postage		123	202
Printing and stationery		2 622	3 247
Security		4 495	6 315
Telephone and fax		10 961	14 935
Travel - local		-	3 212
Webhosting		4 626	2 740
		651 187	**625 212**
Operating profit	16	**1 856 223**	**1 617 140**
Finance costs	19	(328 868)	(307 872)
Fair value adjustments	18	(2 173 380)	(74 316)
		(2 502 248)	**(382 188)**
(Loss) profit before taxation		**(646 025)**	**1 234 952**
Taxation	20	(281 064)	(413 001)
(Loss) profit for the year		**(927 089)**	**821 951**

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

Tax Computation

	2015 R
Net loss per income statement	(646 022)
Permanent differences (Non-deductable/Non taxable items)	
Interest, penalties paid in respect of taxes (s 23(d))	18 113
Accounting loss on disposal of fixed and / or other assets	48 387
	66 500
Temporary differences	
Fair Value adjustments - Other financial assets	(10 000)
Fair Value adjustments - Investment property	2 183 380
Accrued Income - Straight-line operating lease	(91 077)
Commercial building deduction (s13quin)	(5 500)
	2 076 803
Capital gains (Local)	
Proceeds	620 913
Base cost	(1 963 191)
Capital loss	(1 342 278)
Taxable capital gain included @ 66.6%	**-**
Taxable income for 2015	**1 497 281**
Tax thereon @ 28% in the Rand	**419 239**

Reconciliation of tax balance

Amount owing/(prepaid) at the beginning of year	149 562
Penalty and interest for underpayment of provisional tax	15 712
Amount refunded/(paid) in respect of prior year	(149 562)
Amount owing/(prepaid) in respect of prior year	**15 712**

Tax owing/(prepaid) for the current year:

Normal tax	
Per calculation	419 239
1st provisional payment	(108 554)
2nd provisional payment	(312 061)
	(1 376)
Amount owing/(prepaid) at the end of year	**14 336**