

ANNUAL REPORT - 30 SEPTEMBER 2015

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Notice is hereby given that the 39th Annual General Meeting of the Association will be held in the Estate office at San Lameer, Lower South Coast, KwaZulu-Natal at 15h00 on Tuesday, 22 December 2015.

Although all homeowners are welcome to attend the meeting, only those who hold registered title to a villa on the estate or their appointed proxy may vote. A proxy need not be a member of the Association. In terms of Article 11.9 of the Memorandum of Incorporation of the San Lameer Master Homeowners Association (No. 1977/000005/08), the instrument appointing a proxy shall be in writing signed by the member concerned or his duly authorised agent in writing, but need not be in any particular form, **provided that where a member is more than one person, a majority of those persons shall sign the instrument appointing a proxy on such member's behalf. Where a member is a company the proxy may be signed by the chairperson of the board of directors of that company or by its secretary, and where an association of persons, by the secretary thereof.**

In terms of Article 11.11.2 of the Memorandum of Incorporation of the San Lameer Master Homeowners Association (No. 1977/000005/08), "Save as expressly provided for in this Memorandum of Incorporation, no person other than a duly registered owner of a unit or land who has paid all his levies, interest and any other amount, if any, which shall be due and payable to the Company in respect of or arising out of him being a member, shall be entitled to be present and to vote on any matter, either personally or by proxy, at any General Meeting."

AGENDA

1. Notice convening the meeting.
2. Apologies.
3. Golf & Golf Committee matters (Golf Annual General Meeting)
4. Approval of the minutes of the Annual General Meeting held at San Lameer on 18 December 2014.
5. Managing director's overview.
6. Receive and consider directors' statutory report.
7. Receive and consider annual financial statements for the year ended 30 September 2015.
8. Confirmation of auditors' remuneration and reappointment of auditors.
9. 2015/16 financial year
 - 9.1. Approval of the budget
 - 9.2. Take note of the levies and insured values
10. Special resolutions (separate notices)
 - Special resolution no.1 - Amendments to the Golf Charter
 - Special resolution no.2 - Amendments to the Memorandum of Incorporation

11. Election of Directors

In terms of Article 12.3.2 of the Memorandum of Incorporation, Mr J.A.V. Zeederberg remains in office and Mr J. Mowat retires by rotation.

Mr A. W. Brink remains on the Board for a further year as President of the Golf Committee. Accordingly, there will be one vacancy on the Board which must be filled by election. Mr J. Mowat is eligible but has not made himself available for re-election.

In terms of Article 12.3.1 of the Memorandum of Incorporation, nominations for the appointment of a director, including those standing for re-election, must be received in writing at the Estate Office not less than 48 hours prior to the commencement of the Annual General Meeting.

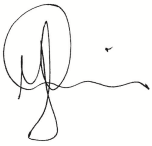
AGENDA (continued)

Note:

In terms of Article 11.2.7 of the Memorandum of Incorporation only those items for which notice has been given by 31 October 2015 have been included in the agenda.

Members are however invited to attend a discussion and general information meeting, which will be attended by directors, in the basement at the Estate office building at San Lameer from 10h00 to 12h00 on Monday, 21 December 2015. This meeting is held to afford members the opportunity of discussing those matters which are not sufficiently important to be addressed at the formal Annual General Meeting.

By order of the Board of directors

A handwritten signature in black ink, appearing to be 'WJ Pienaar', with a large loop at the top and a long horizontal stroke extending to the right.

WJ Pienaar
Managing Director and Secretary

THE SAN LAMEER MASTER HOMEOWNERS ASSOCIATION (NON-PROFIT COMPANY) AND ITS SUBSIDIARY

Registration number: 1977/000005/08

DIRECTORS AND SECRETARY

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DIRECTORS

JJ Bester
AW Brink (Chairman)
J Mowat
J Padmanathan
WJ Pienaar (Managing)
PA Swanepoel
JAV Zeederberg

(Nominee of the Hotel Property Owner)
(President of the Golf Committee)
(Elected 19 December 2012 for a period of three years)
(Resigned 30 June 2015)
(Managing Director)
(Resigned 30 June 2015)
(Elected 18 December 2014 for a period of three years)

SECRETARY

WJ Pienaar

REGISTERED OFFICE

BUSINESS ADDRESS :

San Lameer Estate
Main Road
Lower South Coast
KwaZulu-Natal

POSTAL ADDRESS :

P O Box 78
Southbroom
4277

AUDITORS

Chantel Elliott & Company

BUSINESS ADDRESS :

702 Reveille Road
Shelly Beach
KwaZulu-Natal
4265

POSTAL ADDRESS :

P O Box 805
Shelly Beach
4265

Board of Directors

The Association had a Board of four non-executive directors and one executive director, the managing director. Of the four non-executive directors, one was the nominee of the Hotel Property Owner, Fairtree Hospitality Private Equity Proprietary Limited, one was the President of the Golf Committee and the remaining directors were elected by the members of the Association in accordance with the Memorandum of Incorporation and The Companies Act 71 of 2008. The Board of directors is ultimately responsible for ensuring that the Association is a thriving concern, and to this end effectively controls the Group and its management and is involved in all decisions that are material for this purpose.

Chairman

The roles of the chairman and the managing director are separated and the chairman is a non-executive director.

Board Meetings

The Board of directors have five regular meetings a year. In addition, there is provision in the Association's Memorandum of Incorporation for decisions taken between meetings to be confirmed by way of directors' resolutions.

Management Reporting

The Group has established comprehensive management reporting disciplines which include the preparation of annual budgets by the operating entities. Quarterly results and financial status of operating entities are reported against rolling forecasts and approved budgets, and compared to the prior year. Income and cash flow projections are reviewed regularly whilst working capital and borrowing levels are monitored on an ongoing basis.

Financial Statements

The Association's directors are responsible for preparing the financial statements and other information presented in reports to the members in a manner that fairly presents the state of affairs and results of the Group's operations. The external auditors are responsible for carrying out an independent examination of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and reporting their findings.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities except where deemed inappropriate in which case full disclosure is made. They are based on appropriate accounting policies which have been consistently applied, except when otherwise stated in which case full disclosure is made, and are supported by reasonable and prudent judgments and estimates.

The directors have no reason to believe that the Association will not be a going concern in the year ahead. The auditors concur with the opinion of the directors.

Committees

Board Committees have been established to assist the Board in its deliberations. These Committees report to the Board, and in no way diminish the responsibility of the Board.

The Board has established the following Committees to assist it with its duties:

- Golf Committee
- Remuneration and Manpower Committee
- Finance, Risk and Compliance Committee
- Town Planning and Amenities Committee
- Environmental Committee
- Liaison and Marketing Committee

In the opinion of the Board, the duties and responsibilities of a Social and Ethics committee, as they apply to the Association, are adequately addressed by existing committees. On 2 December 2013 the Companies Tribunal granted the Association exemption from the requirement to appoint a Social and Ethics committee in terms of section 72(4) of the Companies Act 71 of 2008 for a period of 5 years.

Golf Committee

The Golf Committee consists of three members elected for a three year term at the Golfing Annual General Meeting, the CEO and the Golf Director.

The Golf Committee consists of the following members:

AW Brink (President)
L Potgieter
JAV Zeederberg
WJ Pienaar (CEO)
M Du Toit (Golf Director)

The Committee operates within the defined terms of reference and authority granted to it by the Board and the Golf Charter and meets at least three times a year.

The Committee is responsible for ensuring that the playing experience is maintained at the highest level for members as well as visitors.

Additional functions of the Committee are to make recommendations to the Board regarding the Association's contribution and golf playing fees for the purpose of meeting all expenses which will be incurred in the attainment of the objectives of the Golf Charter.

Remuneration and Manpower Committee

The Remuneration and Manpower Committee consists of the following members:

AW Brink (Chairman)	(Non-executive Director)
J Mowat	(Non-executive Director)

The Committee operates within defined terms of reference and authority granted to it by the Board and meets at least once a year.

The Committee is responsible for making recommendations to the Board on the Group's remuneration policies.

Fees payable to directors are recommended by the Committee, approved by the Board and authorised by the members at the Annual General Meeting.

Finance, Risk and Compliance Committee

The Finance, Risk and Compliance Committee consists of the following members:

J Mowat (Chairman)	(Non-executive Director)
JJ Bester	(Non-executive Director)
WJ Pienaar	(Managing Director)

The Committee operates within defined terms of reference and authority granted to it by the Board and meets at least 4 times a year and the external auditors are invited to attend. The external auditors have unrestricted access to the Committee. The members of the Committee are considered to have sufficient financial skills and knowledge, and have access to all information, documentation and management explanations required in the discharge of their duties.

The Committee makes recommendations to the Board regarding annual budgets including levies payable for the purpose of meeting all the expenses which the Association has incurred in the attainment of the objectives of the Association or the pursuit of its business.

Additional functions of the Committee are to review the format of the Annual Financial Statements and accounting policies, assess the risks facing the business, monitor and provide the Board with additional assurance regarding the integrity and effectiveness of the risk management process and related internal controls, to report to the Board on all financial aspects and discuss the findings and recommendations of the external auditors. The Committee is also responsible for all compliance with laws and other reporting and regulatory requirements, including the operational implementation of corporate governance.

Town Planning and Amenities Committee

The Town Planning and Amenities Committee consists of the following members:

JAV Zeederberg (Chairman)	(Non-executive Director)
BN Cross	(Structural Engineer)
DW Kirby	(Town Planner)
WJ Pienaar	(Managing Director)
CE Skellern	(Architect)

The Committee's primary responsibility is to determine the routine maintenance requirements of the exterior of each and every unit or building within the township owned by a member and to instruct the Managing Director to attend to such requirements from time to time.

The Committee, in addition to such powers as conferred upon it by the directors, shall have the power, whenever it considers that the appearance of any unit, land, building, structure, fixture or fitting vested in a member or members to be unsightly or aesthetically not entirely harmonious with the ambience and character of the Estate or injurious to the amenities of the surrounding area or the township generally, to serve notice on such member or take steps necessary as may be specified to eliminate such conditions.

Environmental Committee

The Environmental Committee consists of the following members:

WJ Pienaar (Chairman)	(Managing Director)
CR Andrews	(Contracts Manager)
PM La Cock	(Professional Environmental Consultant)
J Mowat	(Non-executive Director)
B Roberts	(Horticulturist Manager, Leitch Landscapes)

The Committee operates in terms of an established Environmental Plan. The aim of the Committee is to manage the environment at San Lameer. The Committee meets frequently as and when required, and has executive powers within the scope of the relevant, approved policy documents. The Committee may also invite environmental specialists to attend the meeting on a quarterly basis. The Committee shall be responsible for recommending the environmental policy.

Liaison and Marketing Committee

The Liaison and Marketing Committee consists of the following members:

WJ Pienaar (Chairman)	(Managing Director)
M Badenhorst	(Villa Rentals Manager)
M Gers	(San Lameer Estate Hotel Manager)
LA Muirhead/D A Thomson	(San Lameer Villa Sales Agents)
M Du Toit	(Golf Director)

The Committee operates within defined terms of the Memorandum of Incorporation and authority granted to it by the Board, the approval framework and a Marketing Plan approved by the Board of Directors. The purpose of the Committee is to co-ordinate the promotion of San Lameer as one brand. The Committee meets at least six times a year.

Ethics

Directors, management and employees maintain the highest ethical standards ensuring that business practices are conducted in a manner which, in all reasonable circumstances, is beyond reproach. In any instance where ethical standards are called into question, the circumstances are investigated and resolved by the appropriate executive.

Employment Equity

The Group is committed to a diverse and representative workforce and has already achieved a lot of success and movement to a representative and well-developed workforce. Positive steps towards employment equity have been put in place to ensure that equity is achieved and an already acceptable level of representation has been achieved throughout all occupational levels. Notwithstanding this, the Group will continue taking active steps to ensure that its workforce improves in diversity and competency.

Further training and educational programs will also be continuous to pro-actively increase the availability of a pool of suitably qualified personnel amongst the designated groups.

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The following information is provided in compliance with section 29(1)(e) of the Companies Act 71 of 2008:

The annual financial statements have been audited as required by the Memorandum of Incorporation and the Companies Act 71 of 2008.

The annual financial statements have been compiled by Mowat & Partners, Chartered Accountants (South Africa).

Approved by the Board of directors and signed on its behalf by:



AW Brink
Chairman



J Mowat
Director

Report on the Financial Statements

We have audited the annual financial statements and Group annual financial statements of The San Lameer Master Homeowners Association, which comprise the directors' report, the balance sheet as at 30 September 2015, the income statement and the cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 20.

Directors' Responsibility for the Financial Statements

The Associations' 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 in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 auditor's judgment, 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the 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 and Group annual financial statements present fairly, in all material respects, the financial position of The San Lameer Master Homeowners Association and the Group at 30 September 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 in the manner required by the Companies Act of South Africa.

Emphasis of matter

Without qualifying our opinion above, we draw attention to note 6 which discloses a departure from the International Financial Reporting Standard for Small and Medium-sized Entities in the accounting treatment of certain property and which also discloses the full effect of such departure.

Supplementary information

The supplementary schedule set out on page 21 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion thereon.

San Lameer
6 November 2015

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Chantel Elliott - registered auditor
Reg no: 456527
CHANTEL ELLIOTT & CO
Chartered Accountants (SA)

This report forms part of the audited annual financial statements of the Association and the Group.

General purpose review

The Association, incorporated on 21 January 1977, continued to promote, advance and protect the communal interest of the homeowners in the township of San Lameer. The objective of promoting such communal interests results in the Association providing, promoting and maintaining essential and community services, amenities and activities within the said township.

The villa rental and letting activities of the Association are conducted by a wholly-owned subsidiary, San Lameer Villa Rentals Proprietary Limited.

Statement of responsibility

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditor's responsibility is to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Companies Act, 2008, except as detailed below.

The directors have elected to early adopt the amendments to the International Financial Reporting Standard for Small and Medium-sized Entities which allows for the application of the revaluation model for land and buildings. This model requires that property, plant and equipment should be revalued sufficiently regularly such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. The directors consider certain properties including, paved roads, pathways, dams, bridges and open vacant land of having no commercial value. If any, such values vest in the total value of all private properties on the Estate. Full disclosure of this departure is set out in note 6.

The directors are also responsible for the Association's system of internal financial controls. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the Association has adequate resources in place to continue in operation for the foreseeable future.

Financial results

The financial position and results of the Association and its subsidiary have been fully disclosed in these financial statements and the notes thereto.

The directors are not aware of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the Group or the results of its operations.

Property, plant and equipment

During the year the following additions, disposals and revaluations of property, plant and equipment were effected:

	Group R ' 000	Association R ' 000
Additions:		
Club house and surrounds	457	457
Fixed property and buildings	839	839
Estate and township maintenance equipment	504	504
Golf course equipment, furniture and golf carts	1 237	1 237
Furniture, office and computer equipment	121	97
Sports and leisure equipment	146	146
Disposals, transfers and scrapping (at original cost):		
Sports and leisure equipment	23	23
Furniture, office and computer equipment	8	-
Golf course machinery and equipment	71	71
Revaluations:		
Club house and surrounds	1 881	1 881
Fixed property and buildings	3 322	3 322
Golf course	5 557	5 557

Fixed property and buildings, paved roads, pathways, dams, bridges and open vacant land was revalued in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, as at 30 September 2015 by W.J. Pienaar, Managing Director and R.L.J. Carty, Quantity Surveyor.

Directors

The composition of the board and the directors in office at the end of the financial year:

JJ Bester	(Nominee of the Hotel Property Owner)
AW Brink (Chairman)	(President of the Golf Committee)
J Mowat	(Elected 19 December 2012 for a period of three years)
WJ Pienaar (Managing)	(Managing Director)
JAV Zeederberg	(Elected 18 December 2014 for a period of three years)

In terms of the Memorandum of Incorporation and the Companies Act 71 of 2008, Mr J. Mowat retires by rotation.

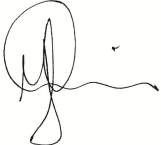
Secretary

WJ Pienaar held the office of secretary of the Association throughout the year under review.

WJ Pienaar's business address is San Lameer, Lower South Coast Road, Southbroom, 4277 and his postal address is PO Box 78, Southbroom, 4277.

Certificate of the Company Secretary

In my capacity as the company secretary, I hereby confirm that for the year ended 30 September 2015, The San Lameer Master Homeowners Association (Non-profit company) has filed all such returns as are required in terms of the Companies Act 71 of 2008, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.



WJ Pienaar (Managing Director and Company Secretary)

THE SAN LAMEER MASTER HOMEOWNERS ASSOCIATION (NON-PROFIT COMPANY) AND ITS SUBSIDIARY

Registration number: 1977/000005/08

BALANCE SHEETS AT 30 SEPTEMBER 2015

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	Notes	Group		Association	
		2015 R ' 000	2014 R ' 000	2015 R ' 000	2014 R ' 000
ASSETS					
Non-current assets					
Property, plant and equipment	6	109 897	98 805	109 711	98 603
Investment in subsidiary	7			525	525
		<u>109 897</u>	<u>98 805</u>	<u>110 236</u>	<u>99 128</u>
Current assets					
Cash and cash equivalents	8	1 843	1 765	1 006	1 107
Accounts receivable	9	2 424	2 502	2 269	2 307
Inventories	10	806	689	750	633
Taxation	11	-	-	1	1
		<u>5 073</u>	<u>4 956</u>	<u>4 026</u>	<u>4 048</u>
Trust account					
Cash resources		5 780	6 164		
Deduct: Trust creditors		<u>5 780</u>	<u>6 164</u>		
		<u>-</u>	<u>-</u>		
Total Assets		<u>114 970</u>	<u>103 761</u>	<u>114 262</u>	<u>103 176</u>
EQUITY AND LIABILITIES					
Reserves					
Accumulated funds	12	9 856	9 369	9 461	9 269
Revaluation reserve	13	90 436	79 675	90 436	79 675
Replacement reserve	14	525	525	525	525
Employee benevolent fund	15	81	-	81	-
		<u>100 898</u>	<u>89 569</u>	<u>100 503</u>	<u>89 469</u>
Non-current liabilities					
Interest-bearing borrowings	16	7 845	7 782	7 845	7 782
Deferred tax		14	10	-	-
Current liabilities					
Accounts payable	17	4 704	4 976	4 487	4 632
Accruals	18	962	1 045	884	917
Taxation	11	4	3	-	-
Current portion of non-current liabilities	16	543	376	543	376
		<u>6 213</u>	<u>6 400</u>	<u>5 914</u>	<u>5 925</u>
Total Equity and Liabilities		<u>114 970</u>	<u>103 761</u>	<u>114 262</u>	<u>103 176</u>

THE SAN LAMEER MASTER HOMEOWNERS ASSOCIATION (NON-PROFIT COMPANY) AND ITS SUBSIDIARY

Registration number: 1977/000005/08

ABRIDGED INCOME STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

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	Notes	Group		Association	
		2015 R ' 000	2014 R ' 000	2015 R ' 000	2014 R ' 000
Gross revenue	2	42 734	37 874	37 120	33 373
Operating expenses		(42 418)	(37 800)	(37 206)	(33 344)
Surplus/(Deficit) for the year before taxation		316	74	(86)	29
Taxation	11	(107)	(12)	-	-
Net surplus/(deficit) for the year		209	62	(86)	29

Surplus/(Deficit) for the year is stated after charging:					
Depreciation		2 958	2 089	2 918	2 048
Interest paid		774	195	774	195
Operating lease costs					
Equipment		134	122	134	122
Directors' remuneration	5				
For services as directors		237	281	237	274
Travel reimbursement		81	101	81	101
Employee costs		7 606	6 964	6 229	5 692
Surplus/(Deficit) for the year is stated after crediting:					
Surplus on disposal of property, plant and equipment		115	21	115	26
Interest received		403	261	132	38

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2015

	Group		Association	
	2015 R ' 000	2014 R ' 000	2015 R ' 000	2014 R ' 000
Cash flow from operating activities				
Surplus/(Deficit) for the year before taxation	316	74	(86)	29
Adjustments for:				
Depreciation	2 958	2 089	2 918	2 048
Investment income	(403)	(261)	(132)	(38)
Interest and finance charges	774	195	774	195
Surplus on disposal of property, plant and equipment	(115)	(21)	(115)	(26)
Revaluation reserve utilised for paving and drainage	-	(875)	-	(875)
Operating surplus before working capital changes	3 530	1 201	3 359	1 333
Working capital changes:				
Decrease/(Increase) in accounts receivable	78	(812)	38	(669)
Increase in inventories	(117)	(122)	(117)	(112)
(Decrease)/Increase in accounts payable	(271)	239	(144)	203
(Decrease)/Increase in accruals and trust creditors	(467)	1 054	(33)	149
Cash generated from operations	2 753	1 560	3 103	904
Investment income	403	261	132	38
Interest and finance charges	(774)	(195)	(774)	(195)
Normal tax paid	(102)	(8)	-	-
Normal tax refunded	-	4	-	-
Net cash inflow from operating activities	2 280	1 622	2 461	747
Cash flow from investing activities				
Additions to property, plant and equipment less fair value adjustments	(3 304)	(9 357)	(3 280)	(9 276)
Proceeds on disposal of property, plant and equipment	129	32	129	26
Net cash outflow from investing activities	(3 175)	(9 325)	(3 151)	(9 250)
Cash flow from financing activities				
Advances on loans	230	6 316	230	6 316
Homeowners' capital contribution	278	-	278	-
Employee benevolent fund	81	-	81	-
Net cash inflow from financing activities	589	6 316	589	6 316
Net decrease in cash and cash equivalents	(306)	(1 387)	(101)	(2 187)
Cash and cash equivalents at beginning of year	7 929	9 316	1 107	3 294
Cash and cash equivalents at end of year	7 623	7 929	1 006	1 107
Comprising				
Cash and cash equivalents	1 843	1 765	1 006	1 107
Trust cash resources	5 780	6 164	-	-
	7 623	7 929	1 006	1 107

1. Basis of preparation and accounting policies

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities except as indicated in note 6.

The consolidated financial statements incorporate the financial statements of the Association and San Lameer Villa Rentals Proprietary Limited ("Villa Rentals"). Control is achieved where the Association has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

1.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost or revaluation less depreciation and any accumulated impairment losses. Other than land and properties under construction, depreciation is calculated on the straight-line method at rates that will reduce carrying values to estimated residual values over the anticipated useful lives of the assets which are:

	Years
Buildings	50
Bowling green	20
Mashie course	20
Tennis and squash courts	10
Security infrastructure	10
Irrigation equipment	10
Estate and township maintenance equipment	5
Furniture and fittings	Various
Sports and leisure equipment	5
Vehicles	Various
Computer equipment	3

Property, plant and equipment in the course of construction are carried at cost less any recognised impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets at a cost of less than R5 000 per item are fully depreciated in the year of acquisition.

Land and buildings are revalued on a regular basis and such revaluation amounts are taken to the Revaluation reserve. The revalued amounts are recognised on the disposal of the underlying asset.

1.2 Impairment of assets

The carrying value of assets is reviewed regularly to assess whether there is any indication of impairment. An impairment loss is recognised in the income statement whenever the recoverable amount of an asset is less than its carrying amount.

1.3 Borrowing costs

Finance costs are charged against income in the period in which they are incurred.

1.4 Replacement reserve

Amounts are transferred from time to time to the Replacement Reserve to provide funds for those items of major replacement or renewal of the Association's infrastructure which do not occur on an annual basis.

1.5 Financial instruments

Financial instruments are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Accounts receivable

Accounts receivable are measured at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. Trade payables are measured at fair value.

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. An accrual is made for the liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

1.6 Inventories

Inventories are valued at the lower of cost or market value. Cost is calculated using the first-in, first-out method.

1.7 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

2. Revenue recognition

Gross revenue, which excludes value-added tax, comprises all amounts invoiced.

	Group		Association	
	2015 R ' 000	2014 R ' 000	2015 R ' 000	2014 R ' 000
Gross revenue				
Homeowners levies	23 598	21 524	23 598	21 524
Country Club revenue (Note 3)	10 684	9 160	10 684	9 160
Villa Rentals income (Note 4)	5 756	4 643		
Gate levies	931	925	931	925
Hotel levy	469	448	469	448
Estate maintenance	359	310	359	310
Villa Rentals amenities	254	189	254	189
Villa Sales turnover fee	172	201	172	201
Administration	104	101	246	238
Interest	65	36	65	36
Amenities	54	77	54	77
Common property	52	49	52	49
Golf cart parking	48	49	48	49
Alarm monitoring system	44	44	44	44
Estate reception	29	27	29	27
Safety, health and law enforcement	26	9	26	9
Clearance fees	22	16	22	16
Gardens and grounds	16	15	16	15
Plan approvals	16	14	16	14
Vat adjustment	15	-	15	-
Employment tax incentive	12	16	12	16
Surplus on disposal of property, plant and equipment	8	21	8	26
Gross revenue	42 734	37 874	37 120	33 373

3. Country Club

	2015	2014	2015	2014
	R ' 000	R ' 000	R ' 000	R ' 000
Country Club income	10 684	9 160	10 684	9 160
Home owners contribution and additional golfing benefit	4 058	3 803	4 058	3 803
Green fees	3 026	2 816	3 026	2 816
Halfway house and bar gross profit	1 544	976	1 544	976
Rental income - golf carts	1 039	834	1 039	834
Proshop gross profit	664	505	664	505
Affiliation fees, caddie fees and other income	179	224	179	224
Profit on disposal of assets	107	-	107	-
Interest received	67	2	67	2
Country Club expenses	10 444	9 078	10 444	9 078
Golf course maintenance	4 719	4 452	4 719	4 452
Operating expenses	2 734	2 395	2 734	2 395
Halfway house and bar	1 352	1 047	1 352	1 047
Clubhouse	758	652	758	652
Depreciation	588	256	588	256
Golf carts	293	276	293	276
Net surplus	240	82	240	82

	Group		Association	
	2015 R ' 000	2014 R ' 000	2015 R ' 000	2014 R ' 000
4. San Lameer Villa Rentals Proprietary Limited				
Villa Rentals income	5 756	4 643		
Cleaning fees	1 959	1 497		
Commissions	1 502	1 236		
Maintenance recoveries	762	683		
Administration fees	670	494		
Inventory check fees	287	222		
Interest received	271	223		
Other revenue	305	288		
Villa Rentals expenses	5 214	4 461		
Cleaning	1 959	1 497		
Salaries and wages	1 377	1 272		
Maintenance on behalf of guests and owners	731	636		
Advertising, marketing and signage	579	491		
Other expenses	568	565		
Profit for the year before taxation	542	182		
Group eliminated items	142	137		
Taxation	107	12		
Net profit for the year	293	33		
5. Directors' remuneration				
For services as directors	237	281	237	274
Travel reimbursement	81	101	81	101
	318	382	318	375

6. Property, plant and equipment

GROUP				
Cost	Opening cost or valuation R ' 000	Additions/ revaluations R ' 000	Disposals/ transfers R ' 000	Closing cost or valuation R ' 000
Golf course	42 000	5 557	-	47 557
Club house and surrounds	19 422	2 338	-	21 760
Golf course equipment, furniture and golf carts	4 382	1 237	(71)	5 548
Fixed property and buildings	35 180	4 161	-	39 341
Estate and township maintenance equipment	1 510	504	-	2 014
Furniture, office and computer equipment	1 269	121	(8)	1 382
Security infrastructure	7 318	-	-	7 318
Sports and leisure equipment	625	146	(23)	748
Vehicles	1 475	-	-	1 475
	113 181	14 064	(102)	127 143
Accumulated depreciation	Opening balance R ' 000	Depreciation/ impairment R ' 000	Disposals/ transfers R ' 000	Closing balance R ' 000
Golf course equipment, furniture and golf carts	1 450	582	(57)	1 975
Fixed property and buildings	4 347	1 415	-	5 762
Estate and township maintenance equipment	1 106	150	-	1 256
Furniture, office and computer equipment	1 164	101	(8)	1 257
Security infrastructure	4 732	574	-	5 306
Sports and leisure equipment	564	52	(23)	593
Vehicles	1 013	84	-	1 097
	14 376	2 958	(88)	17 246
Net carrying amount	98 805			109 897

6. Property, plant and equipment (continued)

ASSOCIATION

Cost	Opening cost	Additions/	Disposals/	Closing cost
	or valuation	revaluations	transfers	or valuation
	R ' 000	R ' 000	R ' 000	R ' 000
Golf course	42 000	5 557	-	47 557
Club house and surrounds	19 422	2 338	-	21 760
Golf course equipment, furniture and golf carts	4 382	1 237	(71)	5 548
Fixed property and buildings	35 180	4 161	-	39 341
Estate and township maintenance equipment	1 505	504	-	2 009
Furniture, office and computer equipment	1 100	97	-	1 197
Security infrastructure	7 318	-	-	7 318
Sports and leisure equipment	625	146	(23)	748
Vehicles	1 237	-	-	1 237
	<u>112 769</u>	<u>14 040</u>	<u>(94)</u>	<u>126 715</u>
Accumulated depreciation	Opening balance	Depreciation/	Disposals/	Closing balance
	R ' 000	impairment	transfers	R ' 000
	R ' 000	R ' 000	R ' 000	R ' 000
Golf course equipment, furniture and golf carts	1 450	582	(57)	1 975
Fixed property and buildings	4 347	1 415	-	5 762
Estate and township maintenance equipment	1 102	150	-	1 252
Furniture, office and computer equipment	1 035	80	-	1 115
Security infrastructure	4 732	574	-	5 306
Sports and leisure equipment	564	52	(23)	593
Vehicles	936	65	-	1 001
	<u>14 166</u>	<u>2 918</u>	<u>(80)</u>	<u>17 004</u>
Net carrying amount	<u>98 603</u>			<u>109 711</u>

Non-compliance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Paved roads, pathways, dams, bridges and open vacant land, except for paved roads financed by The San Lameer Master Homeowners Association, are not recognised in property, plant and equipment as required in terms of the International Financial Reporting Standard. The directors are of the opinion that such values are embedded in the market values of members' villas and properties. If the aforesaid properties were revalued in accordance with the Standard, this category of property would be increased by R53 971 200 (2014: R53 883 800) with a corresponding increase in Revaluation reserve.

	Group		Association	
	2015	2014	2015	2014
	R ' 000	R ' 000	R ' 000	R ' 000
Fixed property and buildings at depreciated cost or valuation comprises:				
Estate building	10 102	9 485	10 102	9 485
Manager's dwelling	4 793	4 500	4 793	4 500
Beach entrance facilities	3 900	3 117	3 900	3 117
Maintenance buildings	3 385	3 178	3 385	3 178
Mashee course	2 844	2 611	2 844	2 611
Gate entrance buildings	2 387	2 239	2 387	2 239
Grassmere house	1 253	1 176	1 253	1 176
Lot 120 Road	1 033	948	1 033	948
Bowling green	1 206	1 106	1 206	1 106
Tennis courts and parking	680	624	680	624
Swimming pool and facility	524	482	524	482
Squash courts	608	557	608	557
Storerooms	326	306	326	306
Refuse area building	284	266	284	266
Staff toilets	254	238	254	238
	<u>33 579</u>	<u>30 833</u>	<u>33 579</u>	<u>30 833</u>

7. Investment in subsidiary

San Lameer Villa Rentals Proprietary Limited
100% of issued share capital

	525	525
	<u>525</u>	<u>525</u>

	Group		Association	
	2015 R ' 000	2014 R ' 000	2015 R ' 000	2014 R ' 000
8. Cash and cash equivalents				
Current accounts	978	1 126	928	1 028
Money market and call accounts	793	561	8	3
Petty cash	49	49	47	47
Deposits	23	29	23	29
	1 843	1 765	1 006	1 107
9. Accounts receivable				
Homeowners' accounts	1 488	957	1 690	1 079
Homeowners' Lot 19 and 20 upgrades	220	-	220	-
South African Revenue Service - VAT	50	1 123	58	1 123
Sundry debtors and prepaid expenditure	666	422	301	105
	2 424	2 502	2 269	2 307
10. Inventories				
Consumable stores and fuel	88	94	32	38
Proshop	447	433	447	433
Food and beverages	271	162	271	162
	806	689	750	633
11. Taxation				
The Association is taxed on all non-levy income net of expenses attributable to that income, in terms of Interpretation Note No.64 issued in pursuance of section 10(1)(e) of the Income Tax Act.				
South African normal:				
Current	103	12	-	-
Deferred taxation	4	-	-	-
Taxation as per income statement	107	12	-	-
Current taxation	103	12	-	-
Prior year taxation refundable	1	1	1	1
Provisional payments	98	8	-	-
(Payable)/Refundable at end of year	(4)	(3)	1	1
12. Reserves				
Accumulated funds				
Balance at beginning of year	9 369	9 271	9 269	9 240
Homeowners' capital contribution	278	-	278	-
Transfer from Revaluation reserve	-	36	-	-
Surplus/(Deficit) for the year	209	62	(86)	29
Balance at end of year	9 856	9 369	9 461	9 269
Made up of:				
Association reserves	9 534	9 287	9 139	9 187
Country Club reserves	322	82	322	82
	9 856	9 369	9 461	9 269
The Association is a non-profit company and accordingly the accumulated funds may not be distributed to its members. In terms of the Memorandum of Incorporation, any assets remaining upon its winding up shall be given or transferred to an Association or institute of similar nature.				
13. Revaluation reserve				
Balance at the beginning of the year	79 675	77 147	79 675	77 111
Revaluation of property, plant and equipment	10 761	2 564	10 761	2 564
Transfer to accumulated funds - revaluation depreciation	-	(36)	-	-
Balance at the end of year	90 436	79 675	90 436	79 675
14. Replacement reserve				
Opening balance	525	1 400	525	1 400
Amounts utilised for paving and drainage	-	(875)	-	(875)
	525	525	525	525
15. Employee benevolent fund				
Opening balance	-	-	-	-
Amounts received	81	-	81	-
	81	-	81	-

	Group		Association	
	2015 R ' 000	2014 R ' 000	2015 R ' 000	2014 R ' 000
16. Interest-bearing borrowings				
ABSA Bank Limited - Mortgage Bonds	7 794	8 158	7 794	8 158
Secured by first mortgage flexi-bonds over sections 105 and 120 of San Lameer. Facility totalling R8 285 000 (2014: R8 285 000) at an interest rate of between 1% below prime and 1.4% above prime and repayable in monthly instalments of R32 880				
The Standard Bank of South Africa Limited	594	-	594	-
Secured by an instalment sale agreement over 10 Yamaha YDRA 2-seater Petrol Driven Golf Carts.				
Repayable in monthly instalments of R15 922 including interest at a rate of 10.1% p.a.				
	8 388	8 158	8 388	8 158
Deduct: Current portion shown as current liability	(543)	(376)	(543)	(376)
	7 845	7 782	7 845	7 782

17. Accounts payable

Homeowners' deposits	193	166	193	166
Contractors' deposits	233	209	233	209
Creditors	1 945	2 568	1 728	2 224
Levies received in advance	2 333	2 033	2 333	2 033
	4 704	4 976	4 487	4 632

18. Accruals

Group	Leave pay accruals R ' 000	Bonus accruals R ' 000	Total R ' 000
Balance at 1 October 2013	249	665	914
Amounts accrued during year	512	737	1 249
Amounts utilised	(444)	(674)	(1 118)
Balance at 30 September 2014	317	728	1 045
Amounts accrued during year	551	800	1 351
Amounts utilised	(638)	(796)	(1 434)
Balance at 30 September 2015	230	732	962
Association			
	Leave pay accruals R ' 000	Bonus accruals R ' 000	Total R ' 000
Balance at 1 October 2013	192	576	768
Amounts accrued during year	451	654	1 105
Amounts utilised	(380)	(576)	(956)
Balance at 30 September 2014	263	654	917
Amounts accrued during year	477	710	1 187
Amounts utilised	(538)	(682)	(1 220)
Balance at 30 September 2015	202	682	884

Leave pay accruals are calculated on the 'cost to company' remuneration of the employees concerned.
 Bonus accruals are calculated on the basic remuneration of the employees concerned.

19. Guarantee

Standard Bank of South Africa has stood surety to Eskom for electricity deposits due by the Association in the amount of R285 000 (2014: R285 000).

20. Retirement benefit costs

The Group contributed to the Liberty Life Corporate Fund which provides provident and death benefits for permanent staff of the Group. This Fund is a defined contribution plan under which amounts to be paid as retirement benefits are determined by reference to contributions to the fund together with investment earnings thereon.

	Group		Association	
	2015	2014	2015	2014
	R ' 000	R ' 000	R ' 000	R ' 000
Contributions to the Liberty Life Corporate Fund	569	565	467	482

21. Operating leases

The future minimum lease payments under non-cancellable operating leases are as follows:

- Less than one year	186	262	151	219
- More than one year but less than five years	54	177	16	131
	240	439	167	350

The future minimum sublease payments expected to be received under non-cancellable subleases are as follows:

- Less than one year	134	128	134	128
- More than one year but less than five years	48	183	48	183
	182	311	182	311

22. Comparative figures

Comparative figures have been restated, where necessary, to provide more meaningful disclosure.

Notes	Group		Association	
	2015 R ' 000	2014 R ' 000	2015 R ' 000	2014 R ' 000
Gross revenue	42 734	37 874	37 120	33 373
Homeowners levies	23 598	21 524	23 598	21 524
Country Club revenue	10 684	9 160	10 684	9 160
Villa Rentals income	5 756	4 643		
Gate levies	931	925	931	925
Hotel levy	469	448	469	448
Estate maintenance	359	310	359	310
Villa Rentals amenities	254	189	254	189
Villa Sales turnover fee	172	201	172	201
Administration	104	101	246	238
Interest	65	36	65	36
Amenities	54	77	54	77
Common property	52	49	52	49
Golf cart parking	48	49	48	49
Alarm monitoring system	44	44	44	44
Estate reception	29	27	29	27
Safety, health and law enforcement	26	9	26	9
Clearance fees	22	16	22	16
Gardens and grounds	16	15	16	15
Plan approvals	16	14	16	14
Vat adjustment	15	-	15	-
Employment tax incentive	12	16	12	16
Surplus on disposal of property, plant and equipment	8	21	8	26
Expenditure	42 418	37 800	37 206	33 344
Country Club expenses	3	10 444	9 078	10 444
Township		5 939	5 529	5 939
Estate and preventive maintenance		5 461	5 233	5 461
Administration		5 468	4 939	5 468
Villa Rentals		4 574	3 890	-
Security		4 205	3 716	4 205
Insurance		1 554	1 463	1 554
Marketing expenditure		1 389	1 252	810
Estate reception		835	760	835
Interest paid		774	195	774
Amenities		719	668	719
Professional fees		353	317	353
Directors' emoluments	5	318	382	318
Auditors' remuneration		150	146	106
Insurance claims		68	64	68
Accounting and secretarial fees		65	63	50
Rates and taxes		38	41	38
Conservancy levy expenditure		30	31	30
Safety, health and law enforcement		17	16	17
Library levy expenditure		17	17	17
Net surplus/(deficit) for the year before taxation		316	74	(86)
Taxation	11	107	12	-
Net surplus/(deficit) for the year		209	62	(86)