

Annual financial statements

Glengarry Properties Timeshare Share Block
Limited

Year ended 1 January 2019

Glengarry Properties Timeshare Share Block Limited

(Registration number 1992/002234/06)

Annual Financial Statements for the year ended 01 January 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Timeshare Share Block
Directors	H M Adams D G Atkinson J E Gooderson B M Thomas L van Dort R Smith
Business address	85 O R Tambo Parade (Marine Parade) Durban 4001
Postal address	P O Box 10748 O R Tambo Parade 4056
Bankers	First National Bank Limited
Auditors	SNG Grant Thornton Chartered Accountants (S.A.) Registered Auditors South African member of Grant Thornton International
Management	GDS Investments Proprietary Limited
Company registration number	1992/002234/06
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa (No. 71 of 2008).
Supervisor	The financial statements were prepared under the supervision of: J Lakaram (Financial Manager)
Preparer	AFS Compilers Proprietary Limited
Published	03 June 2019

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Independent Auditor's Report
To the shareholders of
Glengarry Properties Timeshare Share Block Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Glengarry Properties Timeshare Share Block Limited set out on pages 7 to 17, which comprise the statement of financial position as at 1 January 2019, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Glengarry Properties Timeshare Share Block Limited as at 1 January 2019, 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 of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants (Parts A and B)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa and the supplementary information set out on pages 18 to 21. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

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

In preparing the financial statements the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SNG GRANT THORNTON

Registered Auditors

Practice Number: 946016



per **A Timol**

Registered Auditor

Director

SizweNtsalubaGobodo Grant Thornton Inc.

3 June 2019

2nd Floor

4 Pencarrow Crescent

Pencarrow Park

La Lucia Ridge Office Estate

4019

Glengarry Properties Timeshare Share Block Limited

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Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa (No. 71 of 2008), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

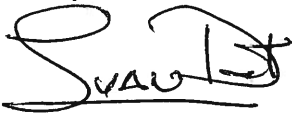
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial 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 01 January 2020 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 board of directors is responsible for the financial affairs of the company.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 3 to 4.

The annual financial statements set out on pages 7 to 17, which have been prepared on the going concern basis, were approved by the board on 03 June 2019 and were signed on its behalf by:



Director



Director

Certificate by the company secretary

In terms of the Companies Act of South Africa (No. 71 of 2008), I certify that the company has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns as are required by the Companies Act and all such returns are true, correct and up-to date.



for: GDS Investments Proprietary Limited

Durban

03 June 2019

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Directors' Report

The directors submit their report for the year ended 01 January 2019.

1. Review of activities

Main business and operations

The company owns the land and buildings known as The Fairways which are utilised by the members on a time share basis with respective members' time interest being apportioned through the issue of shares according to share block use agreements. These agreements provide for the following:

- Shares are issued in predefined blocks which are linked by use and occupation agreements relating to specific periods of the year and chalets.
- Linked to the respective share blocks are obligations on the share block owners to make loans to the company.
- Obligations on share block owners to contribute levies in proportion to their shareholding to enable the company to defray its expenditure.

The levy surplus for the year amounted to R 147 974 (2017: Surplus R 93 714).

Notwithstanding the company's registered year end being the first Friday of January, for practical reasons the financial statements reflect the financial position immediately before the commencement of operations on 1 January 2019 and the results of its operations for the year ended 31 December 2018.

2. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

3. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

4. Directors

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

Name	Changes
H M Adams	
D G Atkinson	
J E Gooderson	
B M Thomas	
L van Dort	
R Smith	Appointed 26 September 2018

5. Management

GDS Investments Proprietary Limited is the managing agent of the timeshare operations.

6. Auditors

SNG Grant Thornton will continue in office in accordance with section 90 of the Companies Act of South Africa (No. 71 of 2008).

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Statement of Financial Position

Figures in Rand	Note(s)	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	2	387 555	463 542
Net financial asset	3	2 746 884	2 746 884
		3 134 439	3 210 426
Current Assets			
Inventories		6 808	6 795
Current tax receivable		179 472	-
Accounts receivable	5	1 296 208	2 047 673
Cash and cash equivalents	6	10 036 193	8 382 461
		11 518 681	10 436 929
Total Assets		14 653 120	13 647 355
Equity and Liabilities			
Equity			
Share capital	7	2 571 884	2 571 884
Future maintenance reserve	8	7 425 704	6 660 928
Accumulated levy surplus		291 813	143 839
		10 289 401	9 376 651
Liabilities			
Current Liabilities			
Current tax payable		-	214 957
Accounts payable	9	4 363 719	4 055 747
		4 363 719	4 270 704
Total Equity and Liabilities		14 653 120	13 647 355

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Levy Statement

Figures in Rand	Note(s)	2019	2018
Levy Income		13 047 492	13 202 643
Other income		22 706	33 717
Operating expenses		(13 627 662)	(13 864 642)
Levy deficit before interest and taxation	10	(557 464)	(628 282)
Net interest received		900 698	930 424
Levy surplus before taxation		343 234	302 142
Taxation	11	(195 260)	(208 428)
Levy surplus for the year		147 974	93 714

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Statement of Changes in Equity

Figures in Rand	Share capital	Future maintenance reserve	Accumulated levy surplus	Total equity
Balance at 02 January 2017	2 571 884	4 862 024	50 125	7 484 033
Changes in equity				
Levy surplus for the year	-	-	93 714	93 714
Maintenance reserve net of acquisitions	-	(1 210 968)	-	(1 210 968)
Transfer of reserve	-	3 009 872	-	3 009 872
Total changes	-	1 798 904	93 714	1 892 618
Balance at 02 January 2018	2 571 884	6 660 928	143 839	9 376 651
Changes in equity				
Levy surplus for the year	-	-	147 974	147 974
Maintenance reserve net of acquisitions	-	(1 109 946)	-	(1 109 946)
Transfer to reserve	-	1 874 722	-	1 874 722
Total changes	-	764 776	147 974	912 750
Balance at 01 January 2019	2 571 884	7 425 704	291 813	10 289 401
Note(s)	7	8		

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Statement of Cash Flows

Figures in Rand	Note(s)	2019	2018
Cash flows generated from operating activities			
Levies received from members		12 873 689	13 508 450
Cash paid to suppliers and employees		(10 378 727)	(10 572 112)
Cash generated from operations	13	2 494 962	2 936 338
Interest income		900 698	930 424
Taxation paid	12	(589 689)	(185 852)
Net cash generated from operating activities		2 805 971	3 680 910
Cash flows used in investing activities			
Acquisition of computer equipment	2	(5 217)	(8 122)
Acquisition of furniture and equipment	2	(782)	-
Acquisition of spare appliances	2	(36 294)	-
Acquisition of furniture and fittings expended out of the maintenance reserve		(1 109 946)	(1 210 968)
Net cash used in investing activities		(1 152 239)	(1 219 090)
Net increase in cash and cash equivalents		1 653 732	2 461 820
Cash and cash equivalents at the beginning of the year		8 382 461	5 920 641
Total cash and cash equivalents at end of the year	6	10 036 193	8 382 461

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Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa (No. 71 of 2008). The annual financial statements have been prepared on the historical cost basis and incorporate the principal accounting policies as set out below.

As opposed to capitalising and depreciating additions to timeshare units, the directors maintain a maintenance reserve against which acquisitions are charged and into which an annual provision for future replacement is transferred by means of a charge from levy income. This annual transfer is assessed by the directors on a best estimate basis bearing in mind the age and expected useful life of the assets.

These accounting policies are consistent with the previous period.

1.1 Levy income

Represents levies received against timeshare unit holders, net of value added taxation, to defray operating costs, plus sundry sales and recovery of expenses.

1.2 Property and furnishings

A maintenance reserve is maintained into which the company transfers a replacement provision based on the "whole life/remaining life" principle and against which future acquisitions are charged.

1.3 Property, plant and equipment

For depreciable assets, initial and subsequently recognised costs are componentised in order to substantially reflect the useful lives of the significant asset components.

The residual value represents the best estimates of the current recoverable amount of the asset at the end of its useful life.

Depreciation is charged to write off the cost of the assets over their estimated useful lives, using the straight-line method.

Useful lives and depreciation are re-assessed annually. The following are the current estimated useful lives:

Item	Average useful life
Aspirators	5 years
Generator	15 years
Motor vehicles	5 years
Furniture and equipment	6 years
Spare appliances	5 years
Computer equipment	3 years

1.4 Financial instruments

Financial instruments recognised on the statement of financial position include cash resources, trade and other receivables, levy debtors, interest and non-interest borrowings and trade and other payables.

1.5 Taxation

Taxation represents the taxation charge levied by the South African Revenue Service against the company's taxable income. In view of the nature of the company's operations (share block) the company's taxable income is not representative of its net levy surplus, but rather limited to the non-levy income net of expenses incurred in the generation thereof as controlled by section 10 (1)(e) of the income tax act.

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Accounting Policies

1.6 Provisions

Provisions are recognised when:

- the company has an obligation at the reporting period date as a result of a past event;
- it is probable that the company will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

Provisions are measured at the directors` best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

1.7 Employee benefits

Defined contribution plans

The cost of all short term employee benefits, such as salaries, medical and other contributions is recognised in the period during which the employee renders the related service.

1.8 Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

The nature of these estimation assumptions are inherently long-term and future experience may result in actual amounts differing from these estimates as applied in the reported financial results.

Useful lives and residual values of tangible assets

The estimates of useful lives as translated into depreciation rates are detailed in the property, plant and equipment policy above. These rates and the residual values of the assets are reviewed annually taking cognisance of the forecasted commercial and economic realities and through benchmarking of accounting treatments within the hospitality industry.

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Notes to the Annual Financial Statements

Figures in Rand

2. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Aspirators	11 213	(10 975)	238	11 213	(10 632)	581
Computer equipment	45 914	(35 823)	10 091	40 697	(31 444)	9 253
Furniture and equipment	92 302	(53 890)	38 412	91 520	(39 376)	52 144
Generator	866 769	(573 867)	292 902	866 769	(516 054)	350 715
Motor vehicles	252 623	(243 005)	9 618	252 623	(204 055)	48 568
Spare appliances	73 923	(37 629)	36 294	37 629	(35 348)	2 281
Total	1 342 744	(955 189)	387 555	1 300 451	(836 909)	463 542

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Aspirators	581	-	(343)	238
Computer equipment	9 253	5 217	(4 379)	10 091
Furniture and equipment	52 144	782	(14 514)	38 412
Generator	350 715	-	(57 813)	292 902
Motor vehicles	48 568	-	(38 950)	9 618
Spare appliances	2 281	36 294	(2 281)	36 294
	463 542	42 293	(118 280)	387 555

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Total
Aspirators	924	-	(343)	581
Computer equipment	4 748	8 122	(3 617)	9 253
Furniture and equipment	66 617	-	(14 473)	52 144
Generator	408 529	-	(57 814)	350 715
Motor vehicles	92 765	-	(44 197)	48 568
Spare appliances	3 178	-	(897)	2 281
	576 761	8 122	(121 341)	463 542

Details of property

Immovable property being Portion 1 of the Farm Century No. 16095, Registration Division FS, Province of KwaZulu-Natal, in extent 5,6187 hectares.

Land and buildings were originally purchased for R 7 311 404 and are not recognised because although the company has legal title to the property it effectively only owns the bare dominium over the property which is considered to be of no value.

The directors are of the opinion that, as the property is not held as an investment, it would serve no purpose to reflect the open market value of the property.

The company's capital is divided into share blocks and each share block gives the holder the right to occupy a particular portion of the company's property for a specified period of each year.

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
3. Net financial asset		
Share block holders' unsecured loans	7 311 404	7 311 404
The loans are unsecured, interest free and repayable on the sale of the land and buildings and subsequent dissolution of the company.		
Right of use of property vested in members	(4 564 520)	(4 564 520)
These loans are not repayable within the next 12 months. The loans represent the funds advanced by member to finance the initial acquisition of land, buildings and furniture and fittings. The loans are only repayable on the sale of the land and buildings and subsequent dissolution of the company. Any repayment under these circumstances will be directly proportional to the funds received on the sale of the tangible assets of the company.		
	2 746 884	2 746 884
Non-current assets		
At amortised cost	2 746 884	2 746 884
4. Retirement benefits		
Defined benefit plan		
The company has been operating a defined contribution plan for the benefit of its employees. During the year the company contributed R 74 397 (2017: R 64 628) to the plan, which is administered by the Orion Pension Fund. The assets of the plan are administered by the trustees in a fund independent of the company. All members pay fixed contributions to the fund and the company makes a similar contribution.		
5. Accounts receivable		
Levy debtors - net of doubtful debts	849 354	675 551
Other receivables	32 256	182 989
Prepayments	13 091	861 950
Value Added Taxation	401 507	327 183
	1 296 208	2 047 673
Levy debtors outstanding for 2 years or longer are written off in full. A provision for doubtful debts is raised for outstanding levies relating to the preceding 24 months. This provision is based on specific debtor profiles.		
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	10 034 472	8 380 001
Cash on hand	1 721	2 460
	10 036 193	8 382 461

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
7. Share capital		
Authorised		
1 285 942 Ordinary shares of R 2 each	2 571 884	2 571 884
Issued		
1 285 942 Ordinary shares at R 2 each	2 571 884	2 571 884
8. Future maintenance reserve		
Balance at 2 January 2018	6 660 928	4 862 024
Utilisation of reserve fund	(1 109 946)	(1 210 968)
Current provision for future maintenance and replacements	1 874 722	3 009 872
	7 425 704	6 660 928
9. Accounts payable		
Leave pay provision	23 238	37 287
Levies received in advance	4 041 659	2 387 461
Other payables	298 822	1 630 999
	4 363 719	4 055 747
<p>The leave pay provision is raised to cover the company's exposure to accrued leave at year end. This provision will be incurred to the extent of an employee leaving the employment of the company. The bonus provision will be incurred annually.</p>		
10. Levy deficit before interest and taxation		
Levy deficit before interest and taxation is stated after accounting for the following:		
Charges		
Auditor's remuneration	54 060	51 000
Management fee	2 609 498	2 443 335
Annual duty / Secretarial fees	2 000	2 000
Provision for future maintenance and replacements	1 874 722	3 009 872
Bad debts	150 000	300 000
11. Taxation		
Current		
Local income tax - current period	195 260	208 428
<p>The share block is taxed in accordance with section (10)(i)(e) of the Income Tax Act, accordingly, only non-levy income is subject to taxation (above R 50 000).</p>		
12. Tax paid		
Balance at beginning of the year	(214 957)	(192 381)
Current tax for the year recognised in surplus or deficit	(195 260)	(208 428)
Balance at end of the year	(179 472)	214 957
	(589 689)	(185 852)

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
13. Cash generated from operations		
Levy surplus before taxation	343 234	302 142
Adjustments for:		
Depreciation	118 280	121 341
Interest received	(900 698)	(930 424)
Changes in working capital:		
Inventories	(13)	(5 266)
Trade and other receivables	150 733	(107 464)
Prepayments	848 859	(804 866)
Provision for future maintenance reserve	1 874 722	3 009 872
Levies received in advance	1 654 198	174 400
Leave pay provision	(14 049)	975
Trade and other payables	(1 332 177)	976 700
Levy debtors	(171 537)	145 424
Value Added Taxation	(74 324)	(106 879)
Provision for doubtful debts	(2 266)	160 383
	2 494 962	2 936 338
14. Related parties		
Related party balances		
Amounts included in trade payables regarding related parties		
Leading Hospitality Solutions Proprietary Limited	21 212	-
Related party transactions		
The following related party transactions have been entered into with the companies and/or enterprises in which certain of the directors or their close family members have significant or controlling interests. These transactions are entered into on an arm's length basis and in certain instances are limited to the amounts per the budget as approved by the members.		
GDS Investments Proprietary Limited		
Management fee (including sole ownership)	2 762 414	2 586 158
IT fees	21 003	15 552
Alawill Investments Proprietary Limited		
Estate levy	1 437 282	1 353 285
Maintenance and gardens and grounds	330 132	311 100
Staff accommodation	411 144	406 418
Water	329 400	307 440
Refuse	256 200	208 620
Entertainer contribution	64 860	61 200
Sewerage	80 520	74 664
Transport	28 200	26 580
Goodtime Developments Proprietary Limited		
Sourcing and acquisition of furniture, fittings and consumables	936 817	3 192
Drakensberg Gardens Timeshare Share Block Limited		
Transport	(18 900)	(17 820)
Payroll contribution	(138 931)	(88 736)
Leading Hospitality Solutions Proprietary Limited		
Cleaning	1 351 881	104 232
Linen replacements	21 013	51 958

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
15. Contingent liability		
Exposure at 1 January 2019	17 400	17 400

The company has a contingent liability in respect of guarantees issued by the company's bankers with regards to deposits in favour of the local electricity supplier.

16. Financial Risk Management

The financial instruments of the company consist primarily of cash deposits with banks, trade payables and borrowings. The carrying value of financial instruments approximates their fair value, determined in accordance with the accounting policies of the company.

In the normal course of its operations, the company is exposed to credit risk, interest rate risk and property holding risk.

Credit risk

Trade receivables comprise of levy income outstanding. At 1 January 2019 the company does not consider there to be any material credit risk that has not been adequately provided for.

Interest rate risk

Fluctuations in the interest rates impact on the returns derived from short term bank deposits as well as cost of financing activities, giving rise to interest rate risk.

Property risk

The company is exposed to potential losses as a result of damage to the company's land and buildings. This is covered by maintenance of appropriate insurance cover which is reviewed on an annual basis.

Glengarry Properties Timeshare Share Block Limited

(Registration number 1992/002234/06)

Annual Financial Statements for the year ended 01 January 2019

Detailed Levy Statement

Figures in Rand	Note(s)	2019	2018
Revenue			
Levy income		13 047 492	13 202 643
Other income			
Interest received	I	900 698	930 424
Other income		10 477	9 340
Sundry income		12 229	24 377
		923 404	964 141
Operating expenses			
Administration expenses	A	(2 788 600)	(2 571 393)
Cleaning	B	(1 913 820)	(1 736 969)
Communication	C	(80 541)	(64 300)
Owners entertainment	D	(299 549)	(267 771)
Remuneration	E	(1 883 554)	(1 853 931)
Repairs and maintenance	F	(2 565 733)	(2 431 808)
Travel and entertainment	G	(154 597)	(52 475)
Utilities	H	(1 798 266)	(1 454 782)
Depreciation		(118 280)	(121 341)
Bad debts		(150 000)	(300 000)
Provision for future replacements and refurbishments		(1 874 722)	(3 009 872)
		(13 627 662)	(13 864 642)
Levy surplus before taxation		343 234	302 142
Taxation	11	(195 260)	(208 428)
Levy surplus for the year		147 974	93 714

Glengarry Properties Timeshare Share Block Limited

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Annual Financial Statements for the year ended 1 January 2019

Supplementary Schedules to the Financial Statements

Figures in Rand	2019	2018
A. Administration expenses		
AGM expenses	4 875	2 194
Annual secretarial returns	2 000	2 000
Auditors' remuneration	54 060	51 000
Bad debt recoveries	(20 734)	(71 324)
Developer's contribution	(365 812)	(341 963)
Sole ownership contribution	(764 576)	(714 116)
Bank charges	67 186	61 316
Computer maintenance	21 003	16 788
Insurance – building	768 860	733 898
Legal fees	18 114	36 074
Legal fees recovery	(5 566)	(15 338)
Management fee	2 609 498	2 443 335
Management fee – sole ownerships	152 916	142 823
Pest control	11 673	9 765
Postage, printing and stationery	65 231	71 689
Rates	166 712	138 843
RCI award function	3 160	4 409
	<u>2 788 600</u>	<u>2 571 393</u>
B. Cleaning		
Cleaning supplies recovery – sole ownerships	(8 613)	(7 899)
Cleaning contract	1 353 146	1 239 099
Laundry expenses	566 935	520 404
Guest supplies	176 495	145 197
Guest supplies recovery – sole ownerships	(40 587)	(37 587)
Laundry income – guests	(2 928)	(2 807)
Laundry income – towels sole owners	(31 044)	(27 911)
Laundry income – linen sole owners	(99 584)	(91 527)
	<u>1 913 820</u>	<u>1 736 969</u>
C. Communication		
Cellphone	16 567	11 437
Facsimile	768	382
Internet subscriptions	14 726	14 676
House calls	3 291	1 419
Line rental	13 360	13 325
Photocopier rental	21 399	18 890
Riverbend equipment contribution	(3 120)	(2 940)
Maintenance – PABX	23 215	13 765
Recovery	(9 665)	(6 654)
	<u>80 541</u>	<u>64 300</u>

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Supplementary Schedules to the Financial Statements

Figures in Rand	2019	2018
D. Owners entertainment		
Guest games and entertainment	6 504	11 209
GGE – newspapers	55 487	50 870
Multichoice expenses	240 366	210 103
Television licences	11 045	10 678
Videos expense	5 940	4 823
Videos recovery	(19 793)	(19 912)
	299 549	267 771
E. Remuneration		
Directors' expenses	4 896	4 356
Refreshments and staff welfare	1 526	942
Salaries and wages	1 635 293	1 538 280
Security services	96 093	90 230
Staff sundry costs	(9 692)	3 519
Staff training	6 101	-
Uniforms	17 459	16 849
Workmen's compensation insurance	8 200	13 092
Room service income – Sunday	(16 050)	(17 520)
Housekeeping recovery – sole ownerships	(74 735)	(72 080)
Staff accommodation	205 250	206 563
- expense	411 144	406 418
- recovery	(205 894)	(199 855)
Reservation contribution	116 880	109 260
Entertainer contribution	64 860	61 200
Reception RB: Recovery	(48 931)	(43 580)
Maintenance Manager RB: Recovery	(27 596)	(12 024)
Manager RB: Recovery	(96 000)	(45 156)
	1 883 554	1 853 931
F. Repairs and maintenance		
Flat maintenance	469 778	463 216
Flat replacement	53 067	53 718
- expense	66 330	72 120
- recovery	(13 263)	(18 402)
Gardens and decorating	341 841	321 353
Bikes expense	3 090	15 346
Bikes recovery	(43 229)	(41 289)
Estate levy	1 437 282	1 353 285
Linen replacements	157 300	143 000
Office equipment	2 750	-
Pool	31 483	15 387
Road repairs	76 800	76 800
Thatch maintenance	27 461	10 860
Golf cart	5 312	16 496
Television	2 798	3 636
	2 565 733	2 431 808

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Supplementary Schedules to the Financial Statements

Figures in Rand	2019	2018
G. Travel and entertainment		
Transport costs	28 200	26 580
Riverbend transport contribution	(18 900)	(17 820)
Riverbend golf cart contribution	(6 120)	(5 760)
Fuel and oil	41 986	35 852
Non delivery	92 800	-
Repairs and maintenance	14 439	10 855
Travel – local	1 412	1 663
Licences	780	1 105
	<u>154 597</u>	<u>52 475</u>
H. Utilities		
Eco expenses	56 220	-
Electricity	1 108 792	948 362
Electricity recovery – sole ownerships	(76 521)	(71 699)
Generator running costs	152 307	76 491
Refuse	256 200	208 620
Water	329 400	307 440
Wood and charcoal expenses	204 912	227 575
Wood and charcoal recovery	(313 564)	(316 671)
Sewerage	80 520	74 664
	<u>1 798 266</u>	<u>1 454 782</u>
I. Net interest received		
Bank	14 140	14 138
Investments	654 257	582 332
Debtors	232 301	333 954
	<u>900 698</u>	<u>930 424</u>