

BALLPROP SIXTEEN (PROPRIETARY) LIMITED

FINANCIAL STATEMENTS AS AT

28 FEBRUARY 2022

**BALLPROP SIXTEEN (PROPRIETARY) LIMITED
T/A RENTAL PROPERTIES AND SEAFRONT HOTEL
2012/123456/07**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2022**

The reports and statements set out below comprise the annual Financial Statements presented to the Shareholder:

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SECRETARIAL INFORMATION

Country of incorporation and domicile	South Africa
Currency	South African Rand
Nature of business	Investment in immovable property Hotel industry
Director	A Director
Registered office	8 Point Road Cape Town 7100
Business address	8 Point Road Cape Town 7100
Postal address	P O Box 1234 Cape Town 7100
Bankers	ABSA Bank
Registration number	2012/123456/07
Auditor/Accounting Officer	

DIRECTOR'S RESPONSIBILITY STATEMENT AND APPROVAL

DIRECTOR'S RESPONSIBILITY STATEMENT

The director is responsible for the preparation and fair presentation of the annual Financial Statements of Ballprop Sixteen (Pty) Ltd, comprising the statement of financial position as at 28 February 2022, statements of comprehensive income, changes in equity and cash flows for the year then ended and the notes to the Financial Statements, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

The director is also responsible for such internal control as is determined necessary to enable the preparation of the Financial Statements that are free from material misstatements, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management. The director has made an assessment of the company's ability to continue as a going concern and has no reason to believe that the business will not be a going concern in the foreseeable future.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual Financial Statements of Ballprop Sixteen (Pty) Ltd, as identified in the first paragraph, was approved by the director and signed accordingly:

.....
A Director

Cape Town Date:

INDEPENDENT REVIEWER'S REPORT

TO THE SHAREHOLDER OF BALLPROP SIXTEEN (PROPRIETARY) LIMITED

We have reviewed the Financial Statements of Ballprop Sixteen (Pty) Ltd, set out on pages 6 to 20, which comprise the statement of financial position as at 28 February 2022 and the statement of 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 and other explanatory information.

Independent Reviewer's responsibility

Our responsibility is to express a conclusion on these Financial Statements. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (revised), Engagements to Review Historical Financial Statements (ISRE 2400 (revised)). ISRE 2400 (revised) requires us to conclude whether anything has come to our attention that causes us to believe that the Financial Statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of Financial Statements in accordance with ISRE 2400 (revised) is a limited assurance engagement. The Independent Reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate and applying analytical procedures and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these Financial Statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these Financial Statements do not present fairly, in all material respects, the financial position of Ballprop Sixteen (Pty) Ltd as at 28 February 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small- and Medium-sized entities and the requirements of the Companies Act of South Africa.

.....
Auditor/Accounting officer

Date:
Cape Town

**DIRECTOR'S REPORT FOR THE YEAR ENDED
28 FEBRUARY 2022**

- 1 The director has pleasure in presenting the annual Financial Statements and the Director's report which forms part of the Financial Statements of the company for the year ended 28 February 2022.

2 NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

The company's main objective is the investment in immovable property.

Ballprop Sixteen (Pty) Ltd is registered, incorporated and operates in the Republic of South Africa and the Company's registration number is 2012/123456/07.

There were no changes in the nature of the company's business during the period under review.

3 FINANCIAL RESULTS

The Financial Statements have been prepared in accordance with International Financial Reporting Standards for Small- and Medium-sized Entities and the requirements of the Companies Act of South Africa.

The accounting policies have been applied consistently compared to the prior year.

The director presents the following extracts from the Financial Statements for the current financial year:

	Increase/ (decrease)	
Fixed assets (at carrying value)	(285 341)	59 019 609
Fixed assets (at cost)	94 052	59 713 228
Total assets	(3 428 407)	95 753 135
Turnover	2 159 450	13 428 002
Net profit before taxation	752 340	1 817 836
Taxation		(494 935)
Net profit after taxation		1 322 901
Dividends		(500 000)
Net profit for the year		822 901

The financial results of the company are set out in the attached Financial Statements and the director is of the opinion that no further comment thereon is necessary.

4 DIVIDENDS

Dividends amounting to R500,000 were declared on 28 February 2021 (2020 - R0).

5 SHARE CAPITAL

The authorized and issued share capital are presented at Note 8 of the Notes to the Financial Statements.

The authorized and issued share capital remained unchanged during the financial year under review.

6 FIXED ASSETS

No fundamental change in the nature or use of fixed assets took place during the financial year.

7 GOING CONCERN

The annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation

**DIRECTOR'S REPORT FOR THE YEAR ENDED
28 FEBRUARY 2022** (Continued)

of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

8 DIRECTOR

The director in office at the date of the financial year end is as follows:

A Director	Nationality RSA
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There have been no changes to the directorate during the period under review.

9 FUNDAMENTAL FACTS OR CONTINGENCIES SINCE YEAR END

No material fact or event that could have a major impact on the financial position of the company or its results took place between the date of the Financial Statements and the date of approval thereof.

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2022

	NOTES	2022	2021
ASSETS			
NON - CURRENT ASSETS		94 086 909	96 396 481
Fixed property	1	57 870 919	58 181 443
Plant and equipment	1	1 148 690	1 123 507
Intangible assets	2	250 000	270 000
Other investment	3	220 000	220 000
Non - current receivables	4	34 597 300	36 601 531
CURRENT ASSETS		1 666 226	2 785 061
Inventory	5	120 000	100 000
Trade and other receivables	6	817 202	1 331 997
Cash and cash equivalents	7	729 024	1 353 064
TOTAL ASSETS		95 753 135	99 181 542
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES		1 573 078	750 177
Share capital	8	100	100
Retained income		1 572 978	750 077
NON - CURRENT LIABILITIES		91 310 981	96 663 799
Interest bearing borrowings	9	57 346 292	56 541 360
Interest free borrowing	10	33 739 920	40 010 012
Deferred tax liability	11	224 769	112 427
CURRENT LIABILITIES		2 869 076	1 767 566
Trade and other payables	12	746 483	524 574
Current portion of interest bearing borrowings	9	1 400 000	1 200 000
Provisions	13	500 000	-
Current tax liability		222 593	42 992
TOTAL EQUITY AND LIABILITIES		95 753 135	99 181 542

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED
28 FEBRUARY 2022**

	NOTES	2022	2021
REVENUE		8 652 919	6 840 972
RENT RECEIVED		4 775 083	4 427 580
COST OF SALES		(546 323)	(678 025)
GROSS PROFIT		12 881 679	10 590 527
OTHER OPERATING INCOME	15	4 247	66 906
OPERATING EXPENSES		(5 667 802)	(4 984 971)
ADMINISTRATION EXPENSES		(3 070 394)	(2 424 647)
OPERATING PROFIT	16	4 147 730	3 247 815
OTHER INCOME	17	2 871 040	2 844 575
FINANCE COSTS	18	(5 200 934)	(5 026 894)
NET PROFIT BEFORE TAXATION		1 817 836	1 065 496
TAXATION	14	(494 935)	(315 419)
NET PROFIT FOR THE YEAR AFTER TAXATION		1 322 901	750 077

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED
28 FEBRUARY 2022**

	2022	2021
1 SHARE CAPITAL		
Issued shares at the beginning of the year	100	-
Shares issued during the year	-	100
Issued shares at the end of the year	<u>100</u>	<u>100</u>
2 RETAINED INCOME		
Balance at the beginning of the year	750 077	-
Net profit for the year after taxation	1 322 901	750 077
Dividends	(500 000)	-
Balance at the end of the year	<u>1 572 978</u>	<u>750 077</u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2022**

	NOTES	2022	2021
NET CASH FLOW FROM OPERATING ACTIVITIES		2 423 564	332 299
Cash receipts from clients and customers		13 914 365	10 036 140
Less: Cash paid to suppliers and employees		8 608 369	7 361 522
Cash generated from operations	19	5 305 996	2 674 618
Add:		2 521 494	2 844 575
Interest received	17.1	2 501 494	2 844 575
Bad debts recovered		20 000	-
Less:		7 827 490	5 519 193
Finance costs	18	5 200 934	5 026 894
Taxation paid	14.2	202 992	160 000
NET CASH FLOW FROM INVESTING ACTIVITIES		2 217 556	(96 730 707)
Property, plant and equipment acquired		(746 676)	(59 619 176)
Increase in goodwill and prepaid lease agreement		-	(290 000)
Increase in investment		-	(220 000)
(Increase) / Decrease in non - current receivables		2 004 231	(36 601 531)
Proceeds on disposal of property, plant and equipment		960 001	-
NET CASH FLOW FROM FINANCING ACTIVITIES		(5 265 160)	97 751 472
Increase from issue of shares		-	100
Increase in interest bearing borrowings		804 932	56 541 360
Increase / (Decrease) in interest free borrowing		(6 270 092)	40 010 012
Increase in short term loan		200 000	1 200 000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR		(624 040)	1 353 064
CASH AND CASH EQUIVALENTS			
At the beginning of the year		1 353 064	-
CASH AND CASH EQUIVALENTS			
At the end of the year		729 024	1 353 064

**ACCOUNTING POLICIES APPLIED FOR THE YEAR ENDED
28 FEBRUARY 2022**

1 ACCOUNTING POLICIES

The company applies all applicable International Financial Reporting Standards (IFRS) for Small- and Medium-sized Entities in the preparation of the annual Financial Statements, as well as the requirements of the South African Companies Act of 2008, as amended.

The Financial Statements are consistently presented on the historical cost basis, except where stated otherwise.

The principal accounting policies and which are consistent with those of the previous year, except where stated otherwise, are as follows:

2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets which the company holds in the long term for its own use or for rental purposes and are not held for short term speculative reasons. Property, plant and equipment are initially measured at cost. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use and subsequently to add or replace part of the assets, if it is probable that future economic benefits associated with the expenditure will flow to the company.

Plant and equipment are subsequently stated at cost less accumulated depreciation.

Property (land and buildings) is not depreciated as it is deemed to have a residual value in excess of its cost.

Depreciation is calculated to write off the cost of plant and equipment over their useful economic life to its estimated residual value, when the asset is available for and taken into use, at the following rates per annum:

- Plant and equipment	20.00%	Straight line
- Motor vehicles	20.00%	Straight line
- Electronic equipment	33.34%	Straight line
- Furniture and fittings	20.00%	Straight line

If there is an indication that there has been a significant change in the depreciation rates, useful life or residual value of an asset, the depreciation of that asset is revised accordingly to reflect the new expectations.

If there is an indication, without due effort or costs, that the value of property is more than the carrying value, the increase is recognized as a non-distributable reserve.

Assets with a unit cost of less than R 7 000 are recognized directly as an expense upon acquisition.

3 FINANCIAL INSTRUMENTS

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit and loss), unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortized cost

These include loans, trade receivables and trade payables. 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 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 there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount and an impairment loss is recognised immediately in profit and loss.

**ACCOUNTING POLICIES APPLIED FOR THE YEAR ENDED
28 FEBRUARY 2022** (Continued)

4 INTANGIBLE ASSETS

Goodwill is stated at cost. Prepaid lease agreements are initially recognized at cost and subsequently carried at cost less accumulated amortization. Amortization is calculated by applying the straight-line method over the period according to the terms of the agreement.

5 INVESTMENTS

Investments are stated at cost and only downward adjusted when a reduction in value becomes permanent.

6 INVENTORY

Inventory is valued at the lower of cost or net realizable value.

7 TRADE RECEIVABLES

Trade receivables are carried at anticipated realizable values. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

8 CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents comprise of cash on hand, positive bank accounts held for trading activities and savings accounts.

Deposits held at call with banks and investments in money market instruments are accounted for under other investments.

9 LEASED ASSETS

All assets subject to finance lease agreements where the company assumes substantially all the benefits and risks of ownership are classified as finance leases and capitalized at the cost equivalent thereof. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in interest bearing borrowings

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Obligations under operating leases are charged to the income statement when incurred.

10 PROVISIONS

Provisions are recognized when the company has a present legal or constructive obligation, as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

11 REVENUE RECOGNITION

Turnover, which excludes value-added tax, comprises the amounts invoiced for goods supplied to customers and services rendered to clients and is recognized upon delivery of goods or performance of services.

12 TAXATION

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case it is recognized in other comprehensive income or directly in equity.

Current income tax

Current taxation comprises tax payable calculated on the basis of the estimated taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable for previous years.

**ACCOUNTING POLICIES APPLIED FOR THE YEAR ENDED
28 FEBRUARY 2022** (Continued)

Deferred taxation

Deferred taxation is provided using the liability method based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation of settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the reporting date.

Deferred taxation is charged to profit or loss. The effect on deferred taxation of any changes in tax rates is recognized in profit or loss.

A deferred taxation asset is recognized to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

13 DIVIDEND DISTRIBUTION

Dividend distribution to the company's shareholders is recognised as a liability in the period in which the dividends are approved by the company's shareholders.

14 COMPARATIVE FIGURES

Where necessary comparative figures have been reclassified.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2022

1 PROPERTY, PLANT AND EQUIPMENT

1.1 FIXED PROPERTY

	Cost/ Valuation/ (Acc depr) 29-Feb-20	Additions/ (Disposals)/ (Depreciation)	Cost/ Valuation/ (Acc depr) 28-Feb-21	Additions/ (Disposals)/ (Depreciation)	Cost/ Valuation/ (Acc depr) 28-Feb-22
Various properties	-	58 181 443	58 181 443	(310 524)	57 870 919
	-	58 181 443	58 181 443	(310 524)	57 870 919

Fixed property is encumbered - See Note 12

1.2 PLANT AND EQUIPMENT

	Plant and equipment	Motor vehicles	Electronic equipment	Furniture and fittings	Total
Carrying value 29-Feb-20	-	-	-	-	-
Cost	-	-	-	-	-
Less: Accumulated depr	-	-	-	-	-
Add: Additions	210 000	65 522	200 000	962 211	1 437 733
	210 000	65 522	200 000	962 211	1 437 733
Less: Disposals	-	-	-	-	-
Cost	-	-	-	-	-
Less: Accumulated depr	-	-	-	-	-
Depreciation	(42 000)	(13 104)	(66 680)	(192 442)	(314 226)
Carrying value 28-Feb-21	168 000	52 418	133 320	769 769	1 123 507
Cost	210 000	65 522	200 000	962 211	1 437 733
Less: Accumulated depr	42 000	13 104	66 680	192 442	314 226
Add: Additions	300 000	50 000	40 000	120 000	510 000
	468 000	102 418	173 320	889 769	1 633 507
Less: Disposals	30 000	-	-	33 255	63 255
Cost	50 000	-	-	55 424	105 424
Less: Accumulated depr	20 000	-	-	22 169	42 169
Depreciation	(102 000)	(23 104)	(80 016)	(216 442)	(421 562)
Carrying value 28-Feb-22	336 000	79 314	93 304	640 072	1 148 690
Cost	460 000	115 522	240 000	1 026 787	1 842 309
Less: Accumulated depr	124 000	36 208	146 696	386 715	693 619

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2022 (Continued)

1.3 HIRE PURCHASE ASSETS INCLUDED IN PLANT AND EQUIPMENT

		Plant and equipment	Motor vehicles	Electronic equipment	Furniture and fittings	Total
Carrying value	28-Feb-21	80 000	32 000	20 000	120 000	252 000
Cost		100 000	40 000	30 000	150 000	320 000
Less: Accumulated depr		20 000	8 000	10 000	30 000	68 000
Carrying value	28-Feb-22	60 000	24 000	10 000	90 000	184 000
Cost		100 000	40 000	30 000	150 000	320 000
Less: Accumulated depr		40 000	16 000	20 000	60 000	136 000

2022 2021

2 INTANGIBLE ASSETS

Goodwill cost		90 000	90 000
Prepaid lease agreement		160 000	180 000
Cost		200 000	200 000
Surplus on revaluation		-	-
		200 000	200 000
Less: Write downs		40 000	20 000
Current year		20 000	20 000
Previous years		20 000	-
Carrying value		250 000	270 000

3 OTHER INVESTMENT

Investment 1		220 000	220 000
		220 000	220 000
Director's valuation		350 000	300 000

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2022** (Continued)

	2022	2021
4 NON - CURRENT RECEIVABLES		
Interest bearing non - current receivable	30 493 626	32 847 857
A Director	30 493 626	32 847 857
Unsecured loan bearing interest at 9% p.a. with no fixed repayment terms		
Interest free non - current receivable	4 103 674	3 753 674
Interest free 1	4 103 674	3 753 674
	<u>34 597 300</u>	<u>36 601 531</u>
5 INVENTORY		
Inventory consists of the following:		
Trading stock	120 000	100 000
	<u>120 000</u>	<u>100 000</u>
6 TRADE AND OTHER RECEIVABLES		
Trade receivables	903 809	835 925
Provision for doubtful debts	(100 000)	(110 000)
	803 809	725 925
Service deposits	13 393	13 393
Prepayments	-	560 000
Revenue Service - VAT recoverable	-	32 679
	<u>817 202</u>	<u>1 331 997</u>
7 CASH AND CASH EQUIVALENTS		
ABSA Current account	12 290	11 084
ABSA Current account - Seafront Hotel	439 966	1 037 900
Cash on hand	276 768	304 080
	<u>729 024</u>	<u>1 353 064</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2022 (Continued)

	2022	2021
8 SHARE CAPITAL		
Authorized		
1000 Ordinary shares of R1 each	1 000	1 000
	<hr/>	<hr/>
Issued and fully paid		
100 Ordinary shares of R1 each	100	100
	<hr/>	<hr/>
9 INTEREST BEARING BORROWINGS		
Nedbank - Mortgage Loan - 3013	18 490 922	18 109 046
Secured by a bond over property with a book value of R20 000 000 (Note 1) and which bears interest at 9% p.a. and is repayable in equal monthly instalments of R200 000, inclusive of capital and interest.		
Nedbank - Mortgage Loan - 3014	12 770 015	12 502 726
Nedbank - Mortgage Loan - 3015	2 498 218	2 420 457
ABSA - Mortgage Loan	1 104 593	1 182 815
ABSA - Commercial Finance	6 460 679	6 983 020
Investec - Mortgage Loan - 2518	3 759 342	4 049 433
Investec - Mortgage Loan - 2519	964 596	1 017 318
Individual one	1 122 000	1 161 000
Individual two	715 000	830 000
Individual three	12 000	190 000
Individual four	167 452	242 576
Connected one CC	4 360 868	4 008 476
Connected two CC	1 700 580	1 043 197
Connected three CC	4 620 027	4 001 296
	<hr/>	<hr/>
	58 746 292	57 741 360
Less: Portions payable within 1 year transferred to current liabilities	1 400 000	1 200 000
	<hr/>	<hr/>
	57 346 292	56 541 360
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2022 (Continued)

	2022	2021
10 INTEREST FREE BORROWING		
ABC Moon Trust	33 739 920	40 010 012
	<u>33 739 920</u>	<u>40 010 012</u>
Unsecured interest free loan with no fixed repayment terms		
11 DEFERRED TAXATION		
DEFERRED TAX PROVIDED FOR		
Accelerated depreciation for tax purposes	224 769	112 427
Calculated loss for tax purposes	-	-
	<u>224 769</u>	<u>112 427</u>
RECONCILIATION		
Deferred tax liability at the beginning of the year	112 427	-
Provision/Reversal as above	112 342	112 427
	<u>224 769</u>	<u>112 427</u>
12 TRADE AND OTHER PAYABLES		
Trade payables	220 000	200 000
Audit and accounting fees	80 000	-
Other accruals	324 574	324 574
Revenue Service - VAT payable	121 909	-
	<u>746 483</u>	<u>524 574</u>
13 PROVISIONS		
Dividends' tax provision this year	100 000	-
Dividends payable	400 000	-
	<u>500 000</u>	<u>-</u>
14 TAXATION		
14.1 TAXATION PROVIDED		
South African normal taxation	382 593	202 992
Current period	<u>382 593</u>	<u>202 992</u>
Deferred taxation	112 342	112 427
Current period	<u>112 342</u>	<u>112 427</u>
Applicable taxation on net income before taxation	<u>494 935</u>	<u>315 419</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2022 (Continued)

	2022	2021
14.2 RECONCILIATION OF TAXATION PAID		
Provision in the Statement of Comprehensive Income	382 593	202 992
Movement in taxation liability	(179 601)	(42 992)
	<u>202 992</u>	<u>160 000</u>
14.3 TAX EXPENSE RECONCILIATION		
Net profit before taxation	<u>1 817 836</u>	<u>1 065 496</u>
Tax at the applicable rate of 28% (2021 - 28%)	508 994	298 339
Effect of permanent differences (non-taxable income and non-deductable expenses)	(14 059)	17 080
	<u>494 935</u>	<u>315 419</u>
15 OTHER OPERATING INCOME		
Insurance claims - Rental Properties	3 202	10 000
Insurance claims - Seafront Hotel	1 045	56 906
	<u>4 247</u>	<u>66 906</u>
16 OPERATING PROFIT		
The following items have been charged in arriving at the operating profit:		
16.1 DIRECTOR'S REMUNERATION		
A Director	1 500 000	1 000 000
	<u>1 500 000</u>	<u>1 000 000</u>
16.2 RENT PAID		
Premises	75 754	43 400
Various	365 148	189 474
	<u>440 902</u>	<u>232 874</u>
16.3 DEPRECIATION		
Plant and equipment	102 000	42 000
Motor vehicles	23 104	13 104
Electronic equipment	80 016	66 680
Furniture and fittings	216 442	192 442
	<u>421 562</u>	<u>314 226</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2022** (Continued)

	2022	2021
17 OTHER INCOME		
17.1 INTEREST RECEIVED	2 501 494	2 844 575
ABSA Current account	552	572
A Director	2 500 942	2 844 003
17.2 OTHER	369 546	-
Profit on sale of fixed assets	349 546	-
Bad debts recovered	20 000	-
Total other income	<u>2 871 040</u>	<u>2 844 575</u>
18 FINANCE COSTS		
Bank - Mortgage Loans	4 060 538	3 972 853
Bank Current Account	-	198
Individual one	107 420	106 600
Individual two	12 130	38 300
Individual three	116 420	175 240
Individual four	20 876	27 997
Connected one CC	374 392	300 823
Connected two CC	116 427	332 869
Connected three CC	392 731	72 014
	<u>5 200 934</u>	<u>5 026 894</u>
19 RECONCILIATION OF OPERATING PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS		
Operating profit	4 147 730	3 247 815
Add:	441 562	334 226
Amortization of prepaid lease agreement	20 000	20 000
Depreciation	421 562	314 226
	4 589 292	3 582 041
Changes in working capital	716 704	(907 423)
Increase in inventory	(20 000)	(100 000)
(Increase) / Decrease in accounts receivable	482 116	(1 299 318)
Increase in accounts payable	254 588	491 895
Cash generated from operations	<u>5 305 996</u>	<u>2 674 618</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2022 (Continued)

20 RELATED PARTIES AND TRANSACTIONS

The company entered into transactions with related parties in the ordinary course of business, the nature of which was consistent with those previously reported.

<u>Persons with significant influence</u>	<u>Relationship</u>
A Director	Director

The detail of the director's remuneration are comprehensively disclosed in Note 16.1 of the Notes to the Financial Statements.

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

<u>Related party</u>	<u>Interest received from / (paid to)</u>	<u>Balance owed by / (to)</u>
Connected one CC	(374 392)	(4 360 868)
Connected two CC	(116 427)	(1 700 580)
Connected three CC	(392 731)	(4 620 027)
ABC Moon Trust	-	(33 739 920)
A Director	2 500 942	30 493 626
Interest free 1	-	4 103 674

DETAILED INCOME STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2022

	NOTES	2022	2021
RENT RECEIVED		4 775 083	4 427 580
OTHER OPERATING INCOME		3 202	10 000
Insurance claims - Rental Properties		3 202	10 000
		4 778 285	4 437 580
LESS: OPERATING EXPENSES		1 115 195	1 906 558
Advertising		-	2 511
Assets less than R7 000		7 790	52 499
Electricity and water		685 519	962 404
Equipment lease		71 641	59 231
Insurance		16 402	35 930
Levies - Skills development		-	1 377
Motor vehicle expenses		19 615	64 048
Rent paid	16.2	75 754	43 400
Repairs and maintenance		71 174	438 016
Salaries		64 821	119 686
Telephone, postage and courier		7 218	6 779
Travelling and accommodation		-	27 066
Levies		85 180	84 000
Staff welfare		7 690	9 361
Protective clothing		2 391	250
OPERATING PROFIT		3 663 090	2 531 022
Carried forward			

DETAILED INCOME STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2022 (Continued)

	NOTES	2022	2021
OPERATING PROFIT		3 663 090	2 531 022
Brought forward			
LESS: ADMINISTRATION EXPENSES		400 092	447 803
Accounting fees		15 524	12 719
Audit fees		80 000	-
Bad debts		-	60 000
Bank charges		138 035	144 689
Cleaning		550	-
Computer expenses		543	1 367
Donations		-	10 000
Entertainment expenses		-	1 496
Fines		-	20 000
Legal expenses		-	39 138
Printing and stationery		330	2 501
Security		3 507	3 621
Subscriptions and membership fees		161 603	146 272
Tax penalties and interest		-	6 000
NET OPERATING PROFIT FOR THE YEAR	16	3 262 998	2 083 219
OTHER INCOME	17	2 521 494	2 844 575
Bad debts recovered		20 000	-
Interest received		2 501 494	2 844 575
		5 784 492	4 927 794
LESS: FINANCE COSTS	18	5 200 934	5 026 894
PROFIT / (LOSS) BEFORE TAXATION		583 558	(99 100)
NET PROFIT/(LOSS) BEFORE TAXATION - OTHER ACTIVITIES			
Net profit - Seafront Hotel	Annexure A	1 234 278	1 164 596
		1 817 836	1 065 496
LESS: TAXATION	14	494 935	315 419
NET PROFIT FOR THE YEAR AFTER TAXATION		1 322 901	750 077

**STATEMENT OF TAXABLE INCOME FOR THE YEAR ENDED
28 FEBRUARY 2022**

NET PROFIT FOR THE YEAR		1 817 836
ADD:		727 203
Amortization of prepaid lease agreement	20 000	
Capital gains profit	282 240	
Depreciation	421 562	
Donations	350	
section 8(4)(a) Recoupment of allowances	3 051	
		<hr/> 2 545 039
LESS:		1 178 634
section 11 (e) Wear-and-tear allowance	385 489	
a13 quin Commercial buildings allowance	433 599	
section 11(o) Scrapping allowance	10 000	
Profit on sale of fixed assets	349 546	
		<hr/> 1 366 405
TAXABLE INCOME FOR THE YEAR		<u>1 366 405</u>
Tax thereon at:	Normal tax	
	Tax rate	28%
		<hr/> 382 593.40
Tax payable		382 593.40
Less:		160 000.00
Provisional tax paid		
First	80 000.00	
Second	80 000.00	
		<hr/> 222 593.40
Net tax payable		<u>222 593.40</u>

**ANNEXURE TO STATEMENT OF TAXABLE INCOME FOR THE YEAR ENDED
28 FEBRUARY 2022**

1 CAPITAL GAINS' TAX

Profit realized during the period under review	352 800
Less: Loss realized during the period under review	-
Less: Loss brought forward from previous year	-
Profit subject to CGT	<u>352 800</u>
Taxable (80%)	<u><u>282 240</u></u>

ANNEXURE A

BALLPROP SIXTEEN (PROPRIETARY) LIMITED
T/A SEAFRONT HOTEL

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DETAILED INCOME STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2022

	NOTES	2022	2021
TURNOVER		8 652 919	6 840 972
LESS: COST OF SALES		546 323	678 025
Opening stock		100 000	-
Room amenities and food vouchers		566 323	778 025
Closing stock		(120 000)	(100 000)
GROSS PROFIT		8 106 596	6 162 947
OTHER OPERATING INCOME		1 045	56 906
Insurance claims - Seafront Hotel		1 045	56 906
		8 107 641	6 219 853
LESS: OPERATING EXPENSES		4 552 607	3 078 413
Advertising		9 523	15 195
Assets less than R7 000		246 981	80 273
Depreciation	16.3	125 104	55 104
Electricity and water		623 762	348 045
Equipment lease		10 668	9 950
Insurance		126 030	119 742
Levies - Skills development		5 330	12 620
Licenses		9 064	11 288
Motor vehicle expenses		27 872	12 385
Rent paid	16.2	365 148	189 474
Repairs and maintenance		554 600	221 077
Salaries		2 054 071	1 620 075
Telephone, postage and courier		27 350	35 435
Training		-	60 000
Travelling and accommodation		10 024	14 643
Flowers and display		1 392	168
Laundry		338 385	254 367
Packaging		914	1 063
Protective clothing		16 389	17 509
OPERATING PROFIT		3 555 034	3 141 440
Carried forward			

DETAILED INCOME STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2022 (Continued)

		2022	2021
OPERATING PROFIT		3 555 034	3 141 440
Brought forward			
LESS: ADMINISTRATION EXPENSES		2 670 302	1 976 844
Accounting fees		-	3 000
Bad debts		10 000	50 000
Bank charges		56 575	62 981
Cleaning		52 099	61 970
Computer expenses		14 244	4 514
Consulting and professional fees		2 100	11 500
Depreciation	16.3	296 458	259 122
Director's remuneration	16.1	1 500 000	1 000 000
Donations		350	-
Legal expenses		-	9 000
Printing and stationery		17 890	16 089
Security		8 210	2 485
Subscriptions and membership fees		145 627	108 235
Credit card fees		35 154	45 134
Commission paid		495 344	321 694
Staff welfare		4 325	1 120
Signage		1 495	-
WCCA		10 431	-
Amortization of prepaid lease agreement		20 000	20 000
NET OPERATING PROFIT FOR THE YEAR	16	884 732	1 164 596
OTHER INCOME	17	349 546	-
Profit on sale of fixed assets		349 546	-
		1 234 278	1 164 596
PROFIT BEFORE TAXATION		1 234 278	1 164 596