

**COMPANY FINANCIAL REPORTING (PROPRIETARY) LIMITED**

**FINANCIAL STATEMENTS AS AT**

**29 FEBRUARY 2024**

**COMPANY FINANCIAL REPORTING (PROPRIETARY) LIMITED  
T/A RENTAL PROPERTIES AND SEAFRONT HOTEL  
2000/123456/07**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2024**

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

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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
Directors	A Director C 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	ABC Bank
Registration number	2000/123456/07
Auditor/Accounting Officer	

**DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL**

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**DIRECTORS' RESPONSIBILITY STATEMENT**

The directors are responsible for the preparation and fair presentation of the annual Financial Statements of Company Financial Reporting (Pty) Ltd, comprising the statement of financial position as at 29 February 2024, 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 the International Financial Reporting Standard for Small- and Medium-sized Entities and the requirements of the Companies Act of South Africa.

The directors are also responsible for such internal control as they determine is 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 directors have made an assessment of the company's ability to continue as a going concern and have 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 Company Financial Reporting (Pty) Ltd, as identified in the first paragraph, were approved by the Board of directors and signed on their behalf by:

.....  
A Director

.....  
C Director

Johannesburg                      Date: .....

**INDEPENDENT AUDITOR'S REPORT**

**TO THE SHAREHOLDERS OF  
COMPANY FINANCIAL REPORTING (PROPRIETARY) LIMITED**

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of Company Financial Reporting (Pty) Ltd, as set out on pages 6 to 24, which comprise the statement of financial position as at 29 February 2024 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.

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of Company Financial Reporting (Pty) Ltd as at 29 February 2024 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.

.....  
Auditor

Date: .....

Johannesburg

**DIRECTORS' REPORT FOR THE YEAR ENDED  
29 FEBRUARY 2024**

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1 The directors have pleasure in presenting the annual Financial Statements and their annual report which forms part of the Financial Statements of the company for the year ended 29 February 2024.

**2 NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES**

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

Company Financial Reporting (Pty) Ltd is registered, incorporated and operates in the Republic of South Africa and the Company's registration number is 2000/123456/07.

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 the International Financial Reporting Standard 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 directors present the following extracts from the Financial Statements for the current financial year:

	Increase/ (decrease)	
Property, plant and equipment (at carrying value)	(3 807 255)	59 281 439
Property, plant and equipment (at cost)	(771 613)	58 847 563
Total assets	(4 119 122)	65 989 407
Revenue	2 159 450	13 428 002
Net profit before taxation	(1 547 269)	448 968
Taxation		320 291
Net profit after taxation		769 259
Dividends		(100 000)
Net profit for the year		669 259

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

**4 DIVIDENDS**

Dividends amounting to R100,000 were declared on 29 February 2024 (2023 - R0).

**5 SHARE CAPITAL**

The authorised and issued share capital are presented at Note 19 of the Notes to the Financial Statements.

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

**DIRECTORS' REPORT FOR THE YEAR ENDED  
29 FEBRUARY 2024** (Continued)

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**6 FIXED ASSETS**

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

**7 DIRECTORS**

The directors in office at the date of the financial year end are as follows:

	Nationality
A Director	RSA
C Director	RSA

There have been no changes to the directorate during the period under review.

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

**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 COMPREHENSIVE INCOME FOR THE YEAR ENDED  
29 FEBRUARY 2024**

	NOTES	2024	2023
REVENUE	3	13 428 002	11 268 552
COST OF SALES		(546 323)	(678 025)
GROSS PROFIT		12 881 679	10 590 527
OTHER OPERATING INCOME	4	31 847	66 906
OPERATING EXPENSES		(6 800 564)	(4 924 971)
ADMINISTRATIVE EXPENSES		(3 766 071)	(2 493 647)
OPERATING PROFIT	5	2 346 891	3 238 815
OTHER INCOME	6	3 303 011	3 784 316
FINANCE COSTS	7	(5 200 934)	(5 026 894)
NET PROFIT BEFORE TAXATION		448 968	1 996 237
TAXATION	8	320 291	(874 365)
NET PROFIT FOR THE YEAR AFTER TAXATION		769 259	1 121 872



**STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2024**

	NOTES	2024	2023
<b>ASSETS</b>			
NON - CURRENT ASSETS		64 104 880	67 323 468
Property	9	53 532 749	55 465 187
Plant and equipment	10	1 148 690	1 123 507
Investment property	11	4 600 000	6 500 000
Intangible assets	12	217 000	261 000
Investment in associate	13	100	100
Other investment	14	220 000	220 000
Non - current receivable	15	4 386 341	3 753 674
CURRENT ASSETS		1 884 527	2 785 061
Inventories	16	120 000	100 000
Trade and other receivables	17	787 202	1 331 997
Cash and cash equivalents	18	729 024	1 353 064
Current tax asset	25	248 301	-
TOTAL ASSETS		65 989 407	70 108 529
<b>EQUITY AND LIABILITIES</b>			
CAPITAL AND RESERVES		4 635 234	3 965 975
Share capital	19	100	100
Retained income		4 635 134	3 965 875
NON - CURRENT LIABILITIES		59 027 690	64 314 988
Interest bearing borrowings	20	57 244 971	56 541 360
Interest free borrowing	21	1 343 336	7 102 255
Deferred tax liability	22	439 383	671 373
CURRENT LIABILITIES		2 326 483	1 827 566
Trade and other payables	23	806 483	584 574
Current portion of interest bearing borrowings	20	1 500 000	1 200 000
Provision	24	20 000	-
Current tax liability	25	-	42 992
TOTAL EQUITY AND LIABILITIES		65 989 407	70 108 529

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED  
29 FEBRUARY 2024**

	2024	2023
<b>1 SHARE CAPITAL</b>		
Issued shares at the beginning of the year	100	100
Shares issued during the year	-	-
Issued shares at the end of the year	<u>100</u>	<u>100</u>
<b>2 RETAINED INCOME</b>		
Balance at the beginning of the year	3 965 875	2 844 003
Net profit for the year after taxation	769 259	1 121 872
Dividends	(100 000)	-
Balance at the end of the year	<u>4 635 134</u>	<u>3 965 875</u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED  
29 FEBRUARY 2024**

	NOTES	2024	2023
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		1 550 610	(2 511 704)
Cash receipts from clients and customers		13 944 365	10 036 140
Less: Cash paid to suppliers and employees		7 213 048	7 361 522
Cash generated from operations	28	6 731 317	2 674 618
Add:		303 219	572
Interest received	6.1	283 219	572
Bad debts recovered		20 000	-
		7 034 536	2 675 190
Less:		5 483 926	5 186 894
Dividends and dividend's tax paid		80 000	-
Finance costs	7	5 200 934	5 026 894
Taxation paid	8.2	202 992	160 000
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		2 580 658	(1 454 552)
Purchases of property, plant and equipment		(1 746 676)	-
Increase in intangibles		-	(200 000)
Increase in investments		-	(220 000)
Increase in non - current receivable		(632 667)	(1 034 552)
Proceeds on disposal of property, plant and equipment		4 960 001	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		(4 755 308)	4 042 785
Increase in interest bearing borrowings		703 611	708 997
Increase / (Decrease) in interest free borrowing		(5 758 919)	3 333 788
Increase in short term loan		300 000	-
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>		(624 040)	76 529
<b>CASH AND CASH EQUIVALENTS</b>			
At the beginning of the year		1 353 064	1 276 535
<b>CASH AND CASH EQUIVALENTS</b>			
At the end of the year	18	729 024	1 353 064

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2024**

**1 BASIS OF PREPARATION AND ACCOUNTING POLICIES**

These Financial Statements have been prepared in accordance with the International Financial Reporting Standard for Small- and Medium-sized Entities issued by the International Accounting Standards Board.

The Financial Statements have been prepared on the historical cost basis, except where stated otherwise and incorporate the principal policies set out below.

Except where stated otherwise, these accounting policies are consistent with the prior year.

**1.1 REVENUE RECOGNITION**

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of discounts, volume rebates and sales-related taxes (if registered for such taxes).

Sale of goods

Revenue is recognised when the goods are delivered and the significant risks and rewards of ownership have passed to the buyer.

Rendering of services

Revenue is recognised with reference to the stage of completion provided that the amount of revenue and its related costs can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

**1.2 TAXATION**

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred Tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Statements and their corresponding tax bases. Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Tax Expense

Income tax expense represents the sum of the tax currently payable and deferred tax movement for the current period. The tax currently payable is based on taxable profit for the year.

**1.3 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. Property, plant and equipment are subsequently stated at cost less accumulated depreciation.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2024 (Continued)**

Depreciation is calculated to write off the cost of property, 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:

- Property	2.00%	Straight line
- 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.

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

**1.4 INVESTMENT PROPERTY**

Investment property whose fair value can be measured reliably is recorded initially at its cost and subsequently at its fair value, with the changes in the fair value going through profit and loss. If the fair value is not reliably measurable without undue cost or effort the property is then included in property, plant and equipment.

**1.5 INTANGIBLE ASSETS**

An intangible asset is an identifiable non-monetary asset without physical substance.

Prepaid lease agreements

Prepaid lease agreements are initially recognised at cost and subsequently carried at cost less accumulated amortisation. Amortisation is calculated by applying the straight-line method over the period according to the terms of the agreement.

Goodwill

Goodwill acquired in a business combination is recognised as an asset and is initially measured at its cost. Subsequent to initial recognition goodwill is carried at cost less accumulated amortisation and net of accumulated impairment losses.

Amortisation is provided to write down the goodwill on a straight line basis, as follows:

- 10 years

**1.6 LEASES**

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

Finance Lease - Lessee

Rights to assets held under finance leases are recognised as assets at the fair value of the leased asset at the inception of the lease.

Operating Lease – Lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2024** (Continued)

**1.7 INVENTORIES**

Inventories are stated at the lower of cost and selling price less costs to complete and sell. Cost is calculated using the first-in, first-out (FIFO) method.

**1.8 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 amortised 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.

**1.9 COMPARATIVE FIGURES**

Where necessary comparative figures have been reclassified.

**2 CHANGES IN ACCOUNTING POLICIES**

No material changes to the accounting policies were identified and the comparative information has accordingly remained unchanged since the prior reporting period.

	2024	2023
<b>3 REVENUE</b>		
Accommodation income	8 652 919	6 840 972
Rent received	4 775 083	4 427 580
	<hr/> 13 428 002	<hr/> 11 268 552
<b>4 OTHER OPERATING INCOME</b>		
Insurance claims - Rental Properties	3 202	10 000
Recoupment of depreciation	27 600	-
Insurance claims - Seafront Hotel	1 045	56 906
	<hr/> 31 847	<hr/> 66 906

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2024 (Continued)**

	2024	2023
<b>5 OPERATING PROFIT</b>		
The following items have been charged in arriving at the operating profit:		
<b>5.1 DIRECTORS' REMUNERATION</b>		
A Director	-	1 000 000
	<u>-</u>	<u>1 000 000</u>
<b>5.2 RENT PAID</b>		
Premises	75 754	43 400
Various	365 148	189 474
	<u>440 902</u>	<u>232 874</u>
<b>5.3 DEPRECIATION</b>		
Property	1 132 762	-
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>1 554 324</u>	<u>314 226</u>
<b>6 OTHER INCOME</b>		
<b>6.1 INTEREST RECEIVED</b>	283 219	572
ABSA Current account	552	572
Connected Interest bearing 1	282 667	-
<b>6.2 OTHER</b>	3 019 792	3 783 744
Profit on sale of fixed assets	779 792	-
Bad debts recovered	20 000	-
Revaluation of investment property	2 220 000	3 783 744
<b>Total other income</b>	<u>3 303 011</u>	<u>3 784 316</u>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2024 (Continued)**

	2024	2023
<b>7 FINANCE COSTS</b>		
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	137 296	175 240
Individual four	-	27 997
Connected one CC	374 392	300 823
Connected two CC	116 427	332 869
Connected three CC	392 731	72 014
	5 200 934	5 026 894
<b>8 TAXATION</b>		
<b>8.1 TAXATION PROVIDED</b>		
South African normal taxation	(88 301)	202 992
Current period	114 691	202 992
Previous periods	(202 992)	-
Deferred taxation	(231 990)	671 373
Current period	(99 601)	671 373
Adjustment for income tax rate change	(19 962)	-
Previous periods	(112 427)	-
Applicable taxation on net income before taxation	(320 291)	874 365
<b>8.2 RECONCILIATION OF TAXATION PAID</b>		
Provision in the Statement of Comprehensive Income	(88 301)	202 992
Movement in taxation liability	291 293	(42 992)
	202 992	160 000



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2024 (Continued)**

	2024	2023
<b>8.3 TAX EXPENSE RECONCILIATION</b>		
Net profit before taxation	448 968	1 996 237
Income tax rate	27%	28%
Tax at the applicable rate	121 221	558 946
Effect of permanent differences (non-taxable income and non-deductable expenses)	(106 131)	315 419
Effect of income tax rate change	(19 962)	-
Effect of income tax adjustment for previous year	(202 992)	-
Effect of temporary differences adjustment for previous year	(112 427)	-
Total income and deferred taxation provision	(320 291)	874 365
<b>9 PROPERTY</b>		
Carrying value at beginning of year	55 465 187	58 181 443
Cost	55 465 187	58 181 443
Less: Accumulated depreciation	-	-
Add: Additions	236 676	-
Transfers from investment property	936 256	-
	56 638 119	58 181 443
Less: Transfers to investment property	1 352 400	2 716 256
Cost	1 380 000	2 716 256
Less: Accumulated depreciation	27 600	-
Less: Disposals	620 208	-
Cost	632 865	-
Less: Accumulated depreciation	12 657	-
Depreciation	(1 132 762)	-
Carrying value at the end of year	53 532 749	55 465 187
Cost	54 625 254	55 465 187
Less: Accumulated depreciation	1 092 505	-
Property is pledged as security - See note 20		

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2024** (Continued)

	2024	2023
The details of property at cost are as follows:		
Erf 1000, Cape Town	547 200	547 200
Erf 1000, Cape Town - Improvements	9 449 782	9 449 782
Erf 2000, Cape Town	1 117 200	1 117 200
Erf 3000, Cape Town	5 056 084	5 056 084
Erf 4000, Cape Town	-	1 380 000
Erf 5000, Cape Town	15 000 000	15 000 000
Erf 5000, Cape Town - Improvements	803 246	803 246
Erf 6000, Cape Town	2 000 000	2 000 000
Erf 6000, Cape Town - Improvements	1 654 001	1 654 001
Erf 7000, Cape Town	100 000	100 000
Erf 8000, Cape Town	370 000	370 000
Erf 8000, Cape Town - Improvements	54 496	54 496
Erf 9000, Cape Town	-	632 865
Erf 1100, Cape Town	197 000	197 000
Erf 1100, Cape Town - Improvements	28 056	28 056
Erf 1200, Cape Town	197 000	197 000
Erf 1200, Cape Town - Improvements	28 057	28 057
Erf 1300, Cape Town	294 903	294 903
Erf 1400, Cape Town	334 223	334 223
Erf 1500, Cape Town	5 121 483	5 121 483
Erf 1600, Cape Town	2 241 263	2 241 263
Erf 1700, Cape Town	1 857 889	1 857 889
Erf 1800, Cape Town	5 760 439	5 760 439
Erf 1900, Cape Town	1 240 000	1 240 000
Erf 2100, Cape Town	936 256	-
Erf 2300, Cape Town	236 676	-
	54 625 254	55 465 187

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2024 (Continued)

10 PLANT AND EQUIPMENT

10.1 CARRYING VALUE

		Plant and equipment	Motor vehicles	Electronic equipment	Furniture and fittings	Total
Carrying value	28-Feb-22	210 000	65 522	200 000	962 211	1 437 733
Cost		210 000	65 522	200 000	962 211	1 437 733
Less: Accumulated depr		-	-	-	-	-
Add: Additions		-	-	-	-	-
		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-23	<b>168 000</b>	<b>52 418</b>	<b>133 320</b>	<b>769 769</b>	<b>1 123 507</b>
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	29-Feb-24	<b>336 000</b>	<b>79 314</b>	<b>93 304</b>	<b>640 072</b>	<b>1 148 690</b>
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  
29 FEBRUARY 2024** (Continued)

	2024	2023
<b>11 INVESTMENT PROPERTY</b>		
Carrying value at beginning of year	6 500 000	-
Cost	2 716 256	-
Revaluation	3 783 744	-
Add: Additions	1 000 000	-
	7 500 000	-
Add: Transfers from property (cost)	1 380 000	2 716 256
Add: Fair value changes (revaluation)	2 220 000	3 783 744
Less: Disposals	3 500 000	-
Cost	1 780 000	-
Revaluation	1 720 000	-
Less: Transfers to property	3 000 000	-
Cost	936 256	-
Revaluation	2 063 744	-
Carrying value at the end of year	4 600 000	6 500 000
Cost	2 380 000	2 716 256
Revaluation	2 220 000	3 783 744

Investment property is pledged as security - See note 20

The details of investment property at fair value are as follows:

Erf 2100, Cape Town	-	3 000 000
Erf 2200, Cape Town	-	3 500 000
Erf 4000, Cape Town	3 600 000	-
Erf 2300, Cape Town	1 000 000	-
	4 600 000	6 500 000

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2024** (Continued)

	2024	2023
<b>12 INTANGIBLE ASSETS</b>		
12.1 GOODWILL		
Carrying value at beginning of year	81 000	90 000
Cost	90 000	90 000
Less: Accumulated amortisation	9 000	-
Annual amortisation	(9 000)	(9 000)
Impairment loss	(5 000)	-
Carrying value at the end of year	67 000	81 000
Cost	90 000	90 000
Less: Accumulated amortisation	18 000	9 000
Less: Accumulated impairment loss	5 000	-
12.2 PREPAID LEASE AGREEMENT		
Carrying value at beginning of year	180 000	-
Cost	200 000	-
Less: Accumulated amortisation	20 000	-
Additions	-	200 000
Annual amortisation	(20 000)	(20 000)
Impairment loss	(10 000)	-
Carrying value at the end of year	150 000	180 000
Cost	200 000	200 000
Less: Accumulated amortisation	40 000	20 000
Less: Accumulated impairment loss	10 000	-
Total	217 000	261 000
<b>13 INVESTMENT IN ASSOCIATE</b>		
100 Shares in ABC Company (Pty) Ltd - 100% interest	100	100
	100	100
The shares of the associate are not publicly traded.		
<b>14 OTHER INVESTMENT</b>		
Investment 1	220 000	220 000
	220 000	220 000

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2024** (Continued)

	2024	2023
<b>15 NON - CURRENT RECEIVABLE</b>		
Interest bearing non - current receivable	4 386 341	3 753 674
Interest bearing 1	4 386 341	3 753 674
Unsecured loan bearing interest at 8.25% p.a. with no fixed repayment terms		
	<u>4 386 341</u>	<u>3 753 674</u>
<b>16 INVENTORIES</b>		
Inventories consists of the following:		
Trading stock	120 000	100 000
	<u>120 000</u>	<u>100 000</u>
<b>17 TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	903 809	835 925
Provision for doubtful debts	(130 000)	(110 000)
	<u>773 809</u>	<u>725 925</u>
Service deposits	13 393	13 393
Prepayments	-	560 000
Revenue Service - VAT recoverable	-	32 679
	<u>787 202</u>	<u>1 331 997</u>
<b>18 CASH AND CASH EQUIVALENTS</b>		
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>
For the purpose of the Cash Flow Statement, Cash and cash equivalents include the following:		
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**  
**29 FEBRUARY 2024** (Continued)

	2024	2023
<b>19 SHARE CAPITAL</b>		
Authorised		
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/>
<b>20 INTEREST BEARING BORROWINGS</b>		
Bank 1 - Mortgage Loan - 3013	18 489 601	18 109 046
Secured by bond agreements over properties with book values of R20,000,000 and which bears interest at 9.25% p.a. and is repayable in equal monthly instalments of R150,000, inclusive of capital and interest.		
Bank 2 - Mortgage Loan - 3014	12 770 015	12 502 726
Bank 3 - Mortgage Loan - 3015	2 498 218	2 420 457
ABC Bank - Mortgage Loan	1 104 593	1 182 815
ABC Bank - Commercial Finance	6 460 679	6 983 020
Bank A - Mortgage Loan - 2518	3 759 342	4 049 433
Bank B - Mortgage Loan - 2519	964 596	1 017 318
Individual one	1 122 000	1 161 000
Individual two	715 000	830 000
Individual three	32 876	190 000
Individual four	146 576	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/>
	58 744 971	57 741 360
Less: Portions payable within 1 year transferred to current liabilities	1 500 000	1 200 000
	<hr/>	<hr/>
	57 244 971	56 541 360
	<hr/>	<hr/>
<b>21 INTEREST FREE BORROWING</b>		
ABC Moon Trust	1 343 336	7 102 255
	<hr/>	<hr/>
	1 343 336	7 102 255
	<hr/>	<hr/>
Unsecured interest free loan with no fixed repayment terms		

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**29 FEBRUARY 2024** (Continued)

	2024	2023
<b>22 DEFERRED TAXATION</b>		
The following are the deferred tax liabilities (assets) recognised by the Company:		
Difference between carrying values and tax bases of property, plant and equipment	439 383	1 171 875
Calculated loss for tax purposes	-	(500 502)
	439 383	671 373
<b>RECONCILIATION</b>		
Deferred tax liability at the beginning of the year	671 373	-
Temporary differences on property, plant and equipment	1 171 875	-
Calculated loss for tax purposes	(500 502)	-
Income tax rate change	(19 962)	-
Temporary differences on property, plant and equipment	(37 837)	-
Calculated loss for tax purposes	17 875	-
Provision for current year	(99 601)	671 373
Temporary differences on property, plant and equipment	(582 228)	1 171 875
Calculated loss for tax purposes	482 627	(500 502)
Previous periods adjustment	(112 427)	-
Temporary differences on property, plant and equipment	(112 427)	-
Deferred tax liability at the end of the year	439 383	671 373
Temporary differences on property, plant and equipment	439 383	1 171 875
Calculated loss for tax purposes	-	(500 502)
<b>23 TRADE AND OTHER PAYABLES</b>		
Trade payables	220 000	200 000
Audit and accounting fees	140 000	60 000
Other accruals	324 574	324 574
Revenue Service - VAT payable	121 909	-
	806 483	584 574
<b>24 PROVISION</b>		
Dividends' tax provision	20 000	-
	20 000	-



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2024 (Continued)**

	2024	2023
<b>25 CURRENT TAX LIABILITY/(ASSET)</b>		
Current tax liability at the beginning of the year	42 992	-
Income tax provision for current year	114 691	202 992
Under-/ (Over) provisions for previous years	(202 992)	-
Tax (paid)/refund for previous years' assessments	(42 992)	-
1st Provisional tax paid	(80 000)	(80 000)
2nd Provisional tax paid	(80 000)	(80 000)
Current tax liability/(asset) at the end of the year	<u>(248 301)</u>	<u>42 992</u>
<b>26 OBLIGATIONS UNDER FINANCE LEASES</b>		
The future minimum lease payments are as follows:		
Within one year	10 000	10 000
Later than one year but within five years	40 000	40 000
Later than five years	10 000	20 000
	<u>60 000</u>	<u>70 000</u>
<b>27 COMMITMENTS UNDER OPERATING LEASES</b>		
At year-end, the Company has outstanding commitments under non-cancellable operating leases that fall due as follows:		
Within one year	21 990	20 556
Later than one year but within five years	87 960	82 224
Later than five years	15 634	30 778
	<u>125 584</u>	<u>133 558</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2024 (Continued)

	2024	2023
<b>28 RECONCILIATION OF OPERATING PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS</b>		
Operating profit	2 346 891	3 238 815
Add:	3 637 722	343 226
Amortisation of goodwill	9 000	9 000
Amortisation of prepaid lease agreement	20 000	20 000
Depreciation	1 554 324	314 226
Impairment losses	15 000	-
Loss on sale of fixed assets	3 254	-
Recoupment of depreciation	(27 600)	-
Reversal - revaluation of investment property	2 063 744	-
	5 984 613	3 582 041
Changes in working capital	746 704	(907 423)
Increase in inventories	(20 000)	(100 000)
(Increase) / Decrease in accounts receivable	512 116	(1 299 318)
Increase in accounts payable	254 588	491 895
Cash generated from operations	6 731 317	2 674 618

**29 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
C Director	Director

The detail of directors' remuneration are comprehensively disclosed in Note 5.1 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	-	(1 343 336)
Interest bearing 1	282 667	4 386 341

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED  
29 FEBRUARY 2024**

	NOTES	2024	2023
<b>RENT RECEIVED</b>		4 775 083	4 427 580
<b>OTHER OPERATING INCOME</b>		30 802	10 000
Insurance claims - Rental Properties		3 202	10 000
Recoupment of depreciation		27 600	-
		4 805 885	4 437 580
<b>LESS: OPERATING EXPENSES</b>		2 447 957	1 846 558
Advertising		-	2 511
Assets less than R7 000		7 790	52 499
Depreciation	5.3	1 132 762	-
Electricity and water		885 519	962 404
Equipment lease		71 641	59 231
Insurance		16 402	35 930
Levies		85 180	84 000
Levies - Skills development		-	1 377
Motor vehicle expenses		19 615	64 048
Protective clothing		2 391	250
Rent paid	5.2	75 754	43 400
Repairs and maintenance		71 174	378 016
Salaries		64 821	119 686
Staff welfare		7 690	9 361
Telephone, postage and courier		7 218	6 779
Travelling and accommodation		-	27 066
<b>OPERATING PROFIT</b>		2 357 928	2 591 022
Carried forward			

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED  
29 FEBRUARY 2024 (Continued)**

	NOTES	2024	2023
<b>OPERATING PROFIT</b>		2 357 928	2 591 022
Brought forward			
<b>LESS: ADMINISTRATIVE EXPENSES</b>		2 582 515	516 803
Accounting fees		15 524	12 719
Amortisation of goodwill		9 000	9 000
Audit fees		80 000	60 000
Bad debts		30 000	60 000
Bank charges		136 714	144 689
Cleaning		550	-
Computer expenses		543	1 367
Donations		20 000	10 000
Entertainment expenses		1 000	1 496
Fines		30 000	20 000
Impairment losses		5 000	-
Legal expenses		25 000	39 138
Printing and stationery		330	2 501
Reversal - revaluation of investment property		2 063 744	-
Security		3 507	3 621
Subscriptions and membership fees		161 603	146 272
Tax penalties and interest		-	6 000
<b>OPERATING PROFIT/(LOSS) FOR THE YEAR</b>	5	(224 587)	2 074 219
<b>OTHER INCOME</b>	6	3 303 011	3 784 316
Bad debts recovered		20 000	-
Interest received		283 219	572
Profit on sale of fixed assets		779 792	-
Revaluation of investment property		2 220 000	3 783 744
<b>LESS: FINANCE COSTS</b>	7	3 078 424 5 200 934	5 858 535 5 026 894
<b>PROFIT/(LOSS) BEFORE TAXATION</b>		(2 122 510)	831 641
<b>NET PROFIT/(LOSS) BEFORE TAXATION - OTHER ACTIVITIES</b>			
Net profit - Seafront Hotel	Annexure A	2 571 478	1 164 596
		448 968	1 996 237
<b>LESS: TAXATION</b>	8	(320 291)	874 365
<b>NET PROFIT FOR THE YEAR AFTER TAXATION</b>		769 259	1 121 872

**STATEMENT OF TAXABLE INCOME FOR THE YEAR ENDED  
29 FEBRUARY 2024**

NET PROFIT FOR THE YEAR		448 968
ADD:		5 722 126
Amortisation of goodwill	9 000	
Amortisation of prepaid lease agreement	20 000	
Capital gains profit	1 989 708	
Depreciation	1 554 324	
Donations	20 350	
Fines	30 000	
Impairment losses	15 000	
Legal expenses	10 000	
Loss on sale of fixed assets	3 254	
Reversal - revaluation of investment property	2 063 744	
section 8(4)(a) Recoupment of allowances	6 746	
		6 171 094
LESS:		3 958 804
section 11 (e) Wear-and-tear allowance	421 563	
a13 quin Commercial buildings allowance	499 849	
section 11(o) Scrapping allowance	10 000	
Profit on sale of fixed assets	779 792	
Recoupment of depreciation	27 600	
Revaluation of investment property	2 220 000	
		2 212 290
Assessed loss brought forward from previous year		(1 787 507)
TAXABLE INCOME FOR THE YEAR		424 783
Tax thereon at:	Normal tax	
	Tax rate	27%
		114 691.41
Tax payable		114 691.41
Less:		160 000.00
Provisional tax paid		
First	80 000.00	
Second	80 000.00	
		160 000.00
Income tax refundable		(45 308.59)

**ANNEXURE TO STATEMENT OF TAXABLE INCOME FOR THE YEAR ENDED  
29 FEBRUARY 2024**

1 CAPITAL GAINS' TAX

Profit realized during the period under review	2 487 135
Less: Loss realized during the period under review	-
Less: Loss brought forward from previous year	-
Profit subject to CGT	<u>2 487 135</u>
Taxable (80%)	<u><u>1 989 708</u></u>

**ANNEXURE A**

**COMPANY FINANCIAL REPORTING (PROPRIETARY) LIMITED  
T/A SEAFRONT HOTEL**

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**DETAILED INCOME STATEMENT FOR THE YEAR ENDED  
29 FEBRUARY 2024**

	NOTES	2024	2023
<b>REVENUE</b>		8 652 919	6 840 972
<b>LESS: COST OF SALES</b>		546 323	678 025
Opening stock		100 000	-
Room amenities and food vouchers		566 323	778 025
Closing stock		(120 000)	(100 000)
<b>GROSS PROFIT</b>		8 106 596	6 162 947
<b>OTHER OPERATING INCOME</b>		1 045	56 906
Insurance claims - Seafront Hotel		1 045	56 906
		8 107 641	6 219 853
<b>LESS: OPERATING EXPENSES</b>		4 352 607	3 078 413
Advertising		9 523	15 195
Assets less than R7 000		246 981	80 273
Depreciation	5.3	125 104	55 104
Electricity and water		423 762	348 045
Equipment lease		10 668	9 950
Flowers and display		1 392	168
Insurance		126 030	119 742
Laundry		338 385	254 367
Levies - Skills development		5 330	12 620
Licenses		9 064	11 288
Motor vehicle expenses		27 872	12 385
Packaging		914	1 063
Protective clothing		16 389	17 509
Rent paid	5.2	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
<b>OPERATING PROFIT</b>		3 755 034	3 141 440
Carried forward			

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED  
29 FEBRUARY 2024 (Continued)**

		2024	2023
<b>OPERATING PROFIT</b>		3 755 034	3 141 440
Brought forward			
<b>LESS: ADMINISTRATIVE EXPENSES</b>		1 183 556	1 976 844
Accounting fees		-	3 000
Amortisation of prepaid lease agreement		20 000	20 000
Bad debts		10 000	50 000
Bank charges		56 575	62 981
Cleaning		52 099	61 970
Commission paid		495 344	321 694
Computer expenses		14 244	4 514
Consulting and professional fees		2 100	11 500
Credit card fees		35 154	45 134
Depreciation	5.3	296 458	259 122
Directors' remuneration	5.1	-	1 000 000
Donations		350	-
Impairment losses		10 000	-
Legal expenses		-	9 000
Loss on sale of fixed assets		3 254	-
Printing and stationery		17 890	16 089
Security		8 210	2 485
Signage		1 495	-
Staff welfare		4 325	1 120
Subscriptions and membership fees		145 627	108 235
WCCA		10 431	-
<b>OPERATING PROFIT FOR THE YEAR</b>	5	2 571 478	1 164 596
<b>PROFIT BEFORE TAXATION</b>		2 571 478	1 164 596