

# *Formosa Garden Village*

## *Plettenberg Bay*

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*Annual Report*  
*Year Ended*  
*31<sup>st</sup> March 2017*

## EXECUTIVE COMMITTEE MEMBERS

T.W. Grieve  
(Chairman)

D.J. Ayres	T.T. Jager
D.D. Faragher-Thomas	A.J. Millerd
P.G. Gaylard	D.E. Milton
D.A. Holmes	M.L. Niven
A.E. Hrabar	

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Manager:  
J.P. Wentzel

### PLEASE NOTE

**There are four** Executive Committee posts to be filled for the forthcoming year.

**One** vacancy has occurred as a result of Mr. JA Lamb's resignation. The vacancy was filled by appointing a member of the Association according to the constitution, clause 6.6, for the duration of the year after which he retires. The appointment for the duration of the year to fill the above vacancy was Mrs. A.E. Hrabar and she is now available for election.

**Three** posts are due to Members retiring in rotation according to clause 6.2 of the constitution. Those retiring from the committee by rotation are Messrs. D.J. Ayres, D.E. Milton and Mrs. M.L. Niven. All have indicated that they are available for re-election.

**Your attention is drawn** to Clause 6.3 of the Constitution. "Nomination of candidates for membership of the Committee shall be in writing, signed by two members and delivered to the Secretary, together with the signed acceptance of the nominee, at least ten days before the Annual General Meeting. **Retiring members of the Executive Committee shall be eligible for re-election without written nomination**". **Official nomination forms are obtainable from the office.**

## **NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT THE THIRTY- NINTH ANNUAL GENERAL MEETING OF MEMBERS will be held in the Formosa Garden Village Service Centre on Tuesday 25 July 2017 at 10H00 for the following purposes:**

1. Opening.
2. Apologies.
3. Obituaries.
4. To confirm the minutes of the THIRTY-EIGHT Annual General Meeting held on 29 July 2016, which have been displayed on the notice board at the Service Centre.
5. To receive and accept the Annual Report and the Financial Statements and Auditors Report for the year ended 31 March 2017.
6. To elect four members to the Executive Committee in order to fill vacancies thereon. [See note on opposite page.]
7. To appoint Auditors for the current year.
8. To consider any resolution concerning the affairs of the Organisation of which due notice has been given in terms of Clause 8.1.4.

June 2017

By order of the Committee  
J.P. Wentzel  
Manager

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## Chairman's Review for the year ended 31 March 2017

Your elected Executive Committee (EXCO) represents the interests of all the stakeholders of Formosa Garden Village (FG), namely members, residents and non-residents, employees, families of residents and the broader community. Its powers and duties are defined in FGV's constitution. "the affairs and the management of the Association shall be vested in the Executive Committee". The Manager and his staff are responsible for the day to day operations of the Village.

The past year has been another successful one for the Village.

### Village Security

As commented on last year, residents are entitled to expect a safe and secure environment. I am pleased to inform you once again that no incidents of significance were reported in the past year and Plett Security has continued to provide a professional service.

### FGV land used for low cost housing

Unfortunately despite our best efforts no progress has been recorded. As stated last year we will continue to ensure that FGV's rights are protected.

### Upgrading of cottages

This programme continued with the major upgrading of 6 cottages and will do so for some years to come. The purpose of the programme is to ensure that FGV retains its relevance and reputation. Improved design with more open plan living, better kitchen and bathroom layout and fittings make our cottages highly desirable.

### New Cottages

This year we commenced building 3 sponsored B2 cottages. They will be completed during August 2017 within budget enabling occupation by promised dates.

The beneficial impact of new cottages on FGV's finances and levies has been significant and reinforces your committee's intention to build more cottages recognizing market needs while retaining the village ambience. In this regard we intend to build 5 B2 cottages below cottages 107 and hope to commence during the 2017/2018 budget year. Given recent events, builders are likely to be in short supply.

## Fire Risk

Prior to the fires that started during the year we commenced clearing overgrown alien vegetation of about 12 hectares below cottages 40 to 50 and opposite the E1 cottages. We are and have been pressurising Bitou Municipality to force adjoining property owners to do likewise. Fortunately with those fires and the more recent fires FGV was not seriously impacted.

Senior FGV employees lent a helping hand with the recent catastrophic veld fires that affected the community of Plettenberg Bay by means of volunteer work, food preparation and small fire fighting. Having noted that, I wish to pay tribute to Philip and his team for their efforts to ensure the safety of FGV residents and the broader community.

## Frail Care and small dining room upgrades

The upgraded and safer ramp is now complete as is the upgrade to the small dining room. They have been completed within budget and the set timeframe. The improvements to the sluice room and laundry sorting facilities have also been completed.

## Street Lights

We have commenced with upgrading street lights throughout the Village. The new lights have proven to be effective, elegant and a safety improvement.

## Community Scheme Ombud Service Act

We were obliged to register FGV in terms of this of this Act. Unfortunately this has meant residents need to pay about R40 per month to this body.

## Finances

FGV reflected a surplus of R229285 for the year. (page 7 of the financial statements) We had budgeted for a small deficit of R5000 so this is a reasonable result. A brief analysis is reflected below:

	Budget (R000)	Actual (R000)
Levies and Other income	11632	11406
Stanlib impairment recovery	0	85
Interest received	2259	2662
	<b>13891</b>	<b>14153</b>
Expenses	(16071)	15843
(Deficit)	(2180)	(1690)
Sponsorships	2175	1795
Movement on Fixed assets		124
(Deficit) / Surplus	(5)	229

FGV relies on cottage sponsorships to cover running cost and capital expenditure. Income from its investments and cash resources is needed to keep levies at reasonable levels.

I refer you to page 17 of the financial statements for a detailed Statement of Financial Performance.

#### Frail Care future plans

We are in the process of planning to upgrade the quality and standard of existing rooms and to fill the gap between cottages and rooms by building a double story block comprising assisted living suites. These would have an open-plan living area, separate bedroom with en-suite facilities. A lift and ramp for access will be included. A more detailed overall plan is being developed including financial feasibility. Once completed it will be presented to members.

#### Donations

Thank you to those who donated money and goods to FGV, it is appreciated. We are currently seeking to register FGV to enable us to issue "section 18A tax certificates" which will enable donors to benefit from tax deductions.

It has become clear certain residents are struggling financially and whilst we adopt a helpful and caring attitude, in line with FGV's constitution, there is a limit to what we can do without adversely affecting levies. A suggestion has been made to create a fund to receive donations to assist needy residents and we will be communicating with members in this regards.

#### Conclusion

I thank the management and staff for their service and dedication to the Village. Philip assisted by Gerda and the rest of the management and staff have performed extremely well. The Village is a happy and pleasant place to live and work.

To members of the Committee, thank you for the time and devotion you give to the affairs of FGV. In particular, I thank both Don Ayres and David Milton as effective chairmen of the House and Finco sub-committee.

After many years of significant and insightful contribution John Lamb resigned from Committee. I thank John for his enormous contribution.

Tom Grieve  
June 2017

## **MANAGER'S REPORT**

### **OBITUARY**

It is with deep regret that we have to report the passing, during the financial year, of the following 15 residents:

Mr. P. Webb, Mr. H. Bungay, Mr. E. Courtenay, Mrs. P. Hosack, Mrs. E. Morrison, Mrs. A. Harrison, Mrs. P. Davies, Mrs. D. Garmany, Mrs. G. Kuster, Mr. M. Hodgson, Mrs. M. Wingate-Pearse, Dr. J. van der Vyver, Mrs. J. Stockdale, Mr. J. Steyn and Miss D. Hollingworth.

### **MEMBERSHIP:**

The total number of members as at 31<sup>st</sup> March 2017 was 1220. A warm welcome is extended to all members who joined the Formosa Garden Village Association over the past year, and a special welcome to those who have taken up residence in the village.

At the end of March 2017 there were 177 residents in the Village of whom 154 occupied cottages and 23 were being cared for in the Cyril Riley and Price Jones Wings.

### **ADMINISTRATION:**

Thanks to helpful and involved committee members and dedicated employees, administrative tasks were fulfilled efficiently. The auditor's interim audit report revealed that the business of the organization is well managed and at low risk.

### **DEPARTMENTS:**

#### **CATERING**

I believe that we have an enthusiastic and skilful catering team who are willing and able to serve Formosa Garden Village well. Support for the dining room has remained steady and those using the facility have commented on the outstanding service.

#### **FRAIL HAVEN**

A special thanks to Matron H Grobler and all staff in this department who take care of residents in their cottages as well as those in Frail Care.

Inspections carried out by the Department of Social Development at regular intervals have confirmed that Formosa Garden Village's Frail Care is well run and managed., FGV's Frail Care is registered with Department of Social Development in terms of Section 18 of the Older Persons Act, 2006 (Act 13 of 2006).

#### **DONATIONS**

The Thrift Shop is managed by Admin staff and is well patronised. Some donations and bequests from deceased estates were received from benefactors over the past year.

These are always appreciated and the funds received from the thrift shop are put to good use. Thank you to all benefactors.

## **FINANCES**

The audited financial statements for the year ended March 2017 are published at the end of this report. Sincere thanks to the Finance and Administration sub-committee, Messrs. D.E. Milton, (Chairman), P.G. Gaylard, T.W Grieve and A.J. Millerd. They worked as a team and their efforts made the financial management of Formosa Garden Village a pleasure.

## **SECURITY**

Security is of major concern in our country and we are always highly alert to improved measures. Security measures are working satisfactorily and we are satisfied with Plett Security Services professionalism and the level of service provided.

## **HUMAN RESOURCES**

Our vision and mission is to serve the community and in particular those at Formosa Garden Village. We welcome new staff members and wish them a long and happy working relationship with us. This is an appropriate time for me to pay tribute to all our dedicated and loyal staff that performs their tasks with genuine love and concern.

## **PROJECTS:**

Various projects received attention during the year. I mention a few:

### **FGV CCTV upgrade**

We have completed the upgrading of FGV's internal CCTV monitoring system which is now working well since the implementation thereof.

### **Open piece of land above cottages no. 128 and 129:**

We have successfully sponsored the three new B2 type cottages and therefore we have commenced with the process of building it to the structural specifications and drawings provided by Messrs. P. Scheepers (architect) and P. Wilschut (structural engineer). To date the appointed builder ALR Builder has made good progress and we are looking forward to finalising this project before mid August 2017.

### **Pressure reducing valve:**

As previously mentioned, we added a pressure reducing valve to FGV's main water supply line. This enabled us to regulate the pressure in the above line. The controlled lower pressure definitely assisted in reducing main water supply line pipe bursts.



### **Extra Street lights within the village:**

The requested light survey highlighted the fact that FGV must improve the night visibility throughout the village. Thereafter we commenced with the project by adding one metre high bollard lights strategically throughout the village.

### **Frail Care emergency exit ramp to Admin:**

We have successfully completed the above project within the said budget and to the structural specifications and drawings provided by Messrs. Scheepers (architect) and Peter Wilschut (structural engineer). I must thank Mr. D.J. Ayres and the House Committee for their input in this project.

### **Emergency plan for fire fighting: (evacuation)**

As previously mentioned, this continues to be a threat and therefore we are continuously training selected FGV employees in fire-fighting and evacuation procedures.

### **FGV Web page:**

I must thank Bugs and Sandra van Zyl for the in-house managing of FGV Web page. FGV Web address: [www.formosagardenvillage.co.za](http://www.formosagardenvillage.co.za)

### **MAINTENANCE:**

A program of ongoing maintenance is well established and detailed records are kept on all work done. Routine maintenance including painting of all buildings and attention to drains, sewers and roads is attended to under the supervision of our Estate Supervisor Alie Rossouw. Most of the work is attended to by our own staff who by now are most proficient. We try to upgrade and improve our infrastructure where possible and economically viable, instead of attending just to minimal maintenance which would not cater for deterioration over the long term.

### **GENERAL.**

Thank you to the Executive, Finance and Administration, and House committees for their time, devotion and assistance, and most importantly the Chairman Mr. T.W. Grieve, for your loyalty and support over this last year. Your dedication and interest given on a **voluntary** basis is a great asset to the village. Without this dedication the village would be hard pressed to maintain the standard to which it has become accustomed.

June 2017

Philip Wentzel

Manager

**FORMOSA GARDEN VILLAGE  
(Registration number 009-206 NPO)  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017**

**FORMOSA GARDEN VILLAGE**  
**Annual Financial Statements for the year ended 31 March 2017**  
**General Information**

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<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Retirement village registered as a non-profit public benefit organisation
<b>Postal address</b>	PO Box 416 Plettenberg Bay 6600
<b>Auditors</b>	Mazars Registered Auditor
<b>Non-profit organisation registration number</b>	009-206 NPO
<b>Issued</b>	31 May 2017

**FORMOSA GARDEN VILLAGE**  
**Annual Financial Statements for the year ended 31 March 2017**  
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The reports and statements set out below comprise the annual financial statements presented to the members:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

Statement of Financial Performance	17
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The annual financial statements set out on pages 5 to 17, which have been prepared on the going concern basis, were approved by the executive committee on 6 June 2017 and were signed by:



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**COMMITTEE MEMBER**



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**COMMITTEE MEMBER**

## INDEPENDENT AUDITOR'S REPORT

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To the members of Formosa Garden Village

### Report on the Financial Statements

We have audited the annual financial statements of Formosa Garden Village, as set out on pages 5 to 16, which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### Committee's Responsibility for the Annual Financial Statements

The executive committee is responsible for the preparation and fair presentation of these annual financial statements in accordance with the basis of accounting as set out in Note 1 to the financial statements and for such internal control as the committee determines is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Continued-/

REGISTERED AUDITOR – A FIRM OF CHARTERED ACCOUNTANTS(SA) • IRBA REGISTRATION NUMBER 900222  
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MAZARZ – AN APPROVED FINANCIAL SERVICES PROVIDER

DIRECTORS: H SAVEN (NATIONAL CHAIRMAN), AT JEFFERY (MANAGING PARTNER), J DU PLESSIS, CP DU PLESSIS, B FERREIRA

A FULL LIST OF NATIONAL PARTNERS IS AVAILABLE ON REQUEST OR AT [WWW.MAZARS.CO.ZA](http://www.mazars.co.za)

## INDEPENDENT AUDITOR'S REPORT

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### Basis for Qualified Opinion

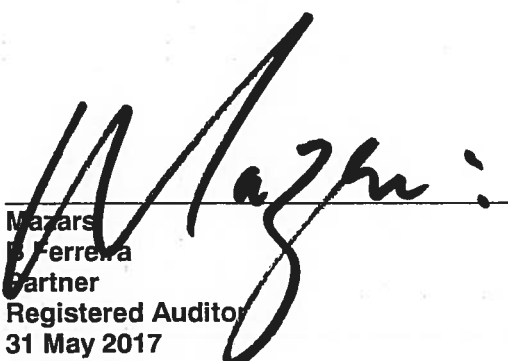
In common with similar organisations, it is not feasible for the organisation to institute accounting controls over cash collections prior to initial entry of the collections in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts actually recorded.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements of Formosa Garden Village for the year ended 31 March 2017 are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the annual financial statements.

### Supplementary Information

Without further qualifying our opinion, we draw attention to the fact that supplementary information set out on page 17 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.



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Mazars  
B Ferreira  
Partner  
Registered Auditor  
31 May 2017  
Plettenberg Bay

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**FORMOSA GARDEN VILLAGE**  
**Annual Financial Statements for the year ended 31 March 2017**  
**Statement of Financial Position as at 31 March 2017**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	<u>56,210,893</u>	<u>49,821,683</u>
<b>Current Assets</b>			
Inventories	4	48,054	55,912
Trade and other receivables		347,630	265,320
Other financial assets	3	24,981,338	20,895,577
Cash and cash equivalents	5	<u>6,411,401</u>	<u>10,076,919</u>
		<b><u>31,788,423</u></b>	<b><u>31,293,728</u></b>
<b>Total Assets</b>		<b><u>87,999,316</u></b>	<b><u>81,115,411</u></b>
<b>Funds and Liabilities</b>			
<b>Funds and reserves</b>			
Reserves		78,049,091	71,320,124
Accumulated surplus		<u>8,844,531</u>	<u>8,615,246</u>
		<b><u>86,893,622</u></b>	<b><u>79,935,370</u></b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	6	974,940	1,055,361
Provisions	7	<u>130,754</u>	<u>124,680</u>
		<b><u>1,105,694</u></b>	<b><u>1,180,041</u></b>
<b>Total Funds and Liabilities</b>		<b><u>87,999,316</u></b>	<b><u>81,115,411</u></b>

**FORMOSA GARDEN VILLAGE**  
**Annual Financial Statements for the year ended 31 March 2017**  
**Statement of Comprehensive Income**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2017</b>	<b>2016</b>
Revenue - Levies	8	10,764,136	9,325,998
Other income		727,458	499,759
		<u>11,491,594</u>	<u>9,825,757</u>
Operating expenses		(15,842,966)	(13,958,462)
<b>Operating deficit</b>	9	<b>(4,351,372)</b>	<b>(4,132,705)</b>
Investment revenue	10	2,661,648	1,718,619
<b>Deficit for the year</b>		<b><u>(1,689,724)</u></b>	<b><u>(2,414,086)</u></b>



**FORMOSA GARDEN VILLAGE**  
**Annual Financial Statements for the year ended 31 March 2017**  
**Statement of Changes in Funds**

Figures in Rand	Fixed asset replacement fund	Responsorships levy	Sponsorships	Total reserves	Accumulated surplus	Total funds
<b>Balance at 01 April 2015</b>	385,850	-	55,069,677	55,455,527	7,032,025	62,487,552
Total comprehensive deficit for the year	-	-	-	-	(2,414,086)	(2,414,086)
Transfer to fixed asset replacement fund	94,296	-	-	94,296	(94,296)	-
Sponsorships received	-	4,091,603	19,106,694	23,198,297	-	23,198,297
Refunds to sponsors	-	-	(3,336,393)	(3,336,393)	-	(3,336,393)
Utilisation of responsorship levy	-	(4,091,603)	-	(4,091,603)	4,091,603	-
<b>Total changes</b>	94,296	-	15,770,301	15,864,597	1,583,221	17,447,818
<b>Balance at 01 April 2016</b>	480,146	-	70,839,978	71,320,124	8,615,246	79,935,370
Total comprehensive deficit for the year	-	-	-	-	(1,689,724)	(1,689,724)
Transfer to fixed asset replacement fund	94,296	-	-	94,296	(94,296)	-
Sponsorships received	-	1,795,328	8,626,221	10,421,549	-	10,421,549
Refunds to sponsors	-	-	(1,539,488)	(1,539,488)	-	(1,539,488)
Utilisation of responsorship levy	-	(1,795,328)	-	(1,795,328)	1,795,328	-
Utilisation of fixed asset replacement fund	(452,062)	-	-	(452,062)	217,977	(234,085)
<b>Total changes</b>	(357,766)	-	7,086,733	6,728,967	229,285	6,958,252
<b>Balance at 31 March 2017</b>	122,380	-	77,926,711	78,049,091	8,844,531	86,893,622

**FORMOSA GARDEN VILLAGE**  
**Annual Financial Statements for the year ended 31 March 2017**  
**Statement of Cash Flows**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities</b>			
Cash used in operations	12	(4,585,932)	(4,018,593)
Interest income		2,661,648	1,718,619
Movement in sponsorships		8,882,061	19,861,904
<b>Net cash from operating activities</b>		<b>6,957,777</b>	<b>17,561,930</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(7,043,295)	(10,184,434)
Disposal of property, plant and equipment	2	420,000	-
Net movement in other financial assets		(4,000,000)	-
<b>Net cash from investing activities</b>		<b>(10,623,295)</b>	<b>(10,184,434)</b>
<b>Total cash movement for the year</b>		<b>(3,665,518)</b>	<b>7,377,496</b>
Cash at the beginning of the year		10,076,919	2,699,423
<b>Total cash at end of the year</b>	5	<b>6,411,401</b>	<b>10,076,919</b>

**FORMOSA GARDEN VILLAGE**  
**Annual Financial Statements for the year ended 31 March 2017**  
**Accounting Policies**

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**1. Presentation of annual financial statements**

The annual financial statements have been prepared in accordance with the accounting policies as set out below. The annual financial statements have been prepared on the historical cost basis. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

**1.1 Property, plant and equipment**

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment is initially recognised at cost. Cost is the cash price equivalent at the recognition date.

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Land and buildings are carried at cost and are not depreciated, nor is a provision made for replacement.

Motor vehicles are carried at cost and are not depreciated. Provision is made for the replacement of motor vehicles. The provision is recognised in surplus and deficit and is credited to the motor vehicle replacement fund in reserves.

All other property, plant and equipment is carried at cost and is not depreciated, nor is a provision made for their replacement.

**1.2 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 surplus or deficit) 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.

**1.3 Financial instruments**

**Trade and other receivables**

Trade and other receivables are recognised initially at the transaction price and subsequently at the undiscounted amount of the cash or other consideration expected to be received, less provision for impairment.

**Trade and other payables**

Trade and other payables are recognised initially at the transaction price and subsequently at the undiscounted amount of the cash or other consideration expected to be paid.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. These balances are measured at amortised cost.

**FORMOSA GARDEN VILLAGE**  
**Annual Financial Statements for the year ended 31 March 2017**  
**Accounting Policies**

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**1.2 Financial instruments (continued)**

**Investments**

Investments are carried at cost. Any surplus or deficit on the investment will be transferred to the income statement when the investment is called up.

**1.4 Tax**

No taxation is provided for as the entity is an approved public benefit organisation in terms of section 30 of the Income Tax Act and the receipts and accruals are exempt from income tax in terms of section 10(1)(cN) of the Income Tax Act.

**1.5 Inventories**

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

**1.6 Provisions and contingencies**

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

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating deficits.

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**Accounting Policies**

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**1.7 Revenue**

Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the organisation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the organisation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the organisation; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

**1.8 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred.

**1.9 Reserves**

**Donations for capital expenditure**

Donations for capital expenditure is not treated as income but is credited directly to reserves.

**Fixed asset replacement fund**

Provision is made for the replacement of motor vehicles. The provision is recognised in surplus and deficit and is credited to the motor vehicle replacement fund in reserves.

**Sponsorships**

Sponsorships consist of the amount received for the life-right use of cottages, after deducting the sponsorship levy and is credited directly to reserves.

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**Notes to the Annual Financial Statements**

**Figures in Rand** **2017** **2016**

**2. Property, plant and equipment**

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	54,349,337	-	54,349,337	48,299,915	-	48,299,915
Furniture, fixtures and equipment	749,883	-	749,883	749,883	-	749,883
Motor vehicles	1,111,673	-	1,111,673	771,885	-	771,885
<b>Total</b>	<b>56,210,893</b>	<b>-</b>	<b>56,210,893</b>	<b>49,821,683</b>	<b>-</b>	<b>49,821,683</b>

**Reconciliation of property, plant and equipment - 2017**

	Opening balance	Additions	Disposals	Total
Land and buildings	48,299,915	6,049,422	-	54,349,337
Furniture, fixtures and equipment	749,883	-	-	749,883
Motor vehicles	771,885	993,873	(654,085)	1,111,673
	<b>49,821,683</b>	<b>7,043,295</b>	<b>(654,085)</b>	<b>56,210,893</b>

**Reconciliation of property, plant and equipment - 2016**

	Opening balance	Additions	Total
Land and buildings	38,115,481	10,184,434	48,299,915
Furniture, fixtures and equipment	749,883	-	749,883
Motor vehicles	771,885	-	771,885
	<b>39,637,249</b>	<b>10,184,434</b>	<b>49,821,683</b>

**Details of properties**

**Erf 8003 with buildings thereon, Plettenberg Bay**

- Original purchase price	55,996	55,996
- Additions since purchase or valuation	54,293,341	48,243,919
	<b>54,349,337</b>	<b>48,299,915</b>

**3. Other financial assets**

**At amortised cost**

Unit trusts @ cost	24,981,338	20,895,577
The investments bear interest at rates linked to prime and can be called up with 48 hours notice. The market value as at 31 March 2017 was R25 081 214 (2016: R20 967 184).		

**Current assets**

At amortised cost	<b>24,981,338</b>	<b>20,895,577</b>
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**FORMOSA GARDEN VILLAGE**  
**Annual Financial Statements for the year ended 31 March 2017**  
**Notes to the Annual Financial Statements**

**Figures in Rand** **2017** **2016**

**4. Inventories**

Merchandise - medical	23,504	30,051
Merchandise - catering	24,550	25,861
	<u>48,054</u>	<u>55,912</u>

**5. Cash and cash equivalents**

Cash and cash equivalents consist of:

Cash on hand	3,083	9,023
Bank balances	6,408,319	10,067,896
	<u>6,411,402</u>	<u>10,076,919</u>

**6. Trade and other payables**

Trade payables	423,125	422,510
VAT	20,697	20,851
Waiting list deposits	521,084	612,000
CSOS levy accrual	10,034	-
	<u>974,940</u>	<u>1,055,361</u>

**7. Provisions**

**Reconciliation of provisions - 2017**

	Opening balance	Additions	Utilised during the year	Total
Staff bonus	124,680	537,252	(531,178)	130,754
				<u>130,754</u>

**Reconciliation of provisions - 2016**

	Opening balance	Additions	Utilised during the year	Total
Staff bonus	113,406	580,213	(568,939)	124,680
				<u>124,680</u>

**8. Revenue**

Levies	<u>10,764,136</u>	<u>9,325,998</u>
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**9. Operating deficit**

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

Employee costs	<u>8,781,651</u>	<u>8,075,174</u>
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**Annual Financial Statements for the year ended 31 March 2017**  
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Figures in Rand	2017	2016
<b>10. Investment revenue</b>		
<b>Interest revenue</b>		
Bank and investments	2,632,194	1,693,334
Other	29,453	25,285
	<u>2,661,647</u>	<u>1,718,619</u>
<b>11. Auditor's remuneration</b>		
Year end audit fees	29,195	28,173
Interim audit fees	22,116	20,477
	<u>51,311</u>	<u>48,650</u>
<b>12. Cash used in operations</b>		
Deficit before taxation	(1,689,724)	(2,414,086)
<b>Adjustments for:</b>		
Interest received	(2,661,648)	(1,718,619)
Impairment recovered	(85,761)	-
Movements in provisions	6,074	11,274
<b>Changes in working capital:</b>		
Inventories	7,858	(11,210)
Trade and other receivables	(82,310)	77,154
Trade and other payables	(80,421)	36,894
	<u>(4,585,932)</u>	<u>(4,018,593)</u>



**FORMOSA GARDEN VILLAGE**  
**Annual Financial Statements for the year ended 31 March 2017**  
**Notes to the Annual Financial Statements**

**13. Categories of financial instruments**

	<b>Note(s)</b>	<b>Debt instruments at amortised cost</b>	<b>Financial liabilities at amortised cost</b>	<b>Equity and non financial assets and liabilities</b>	<b>Total</b>
<b>Categories of financial instruments - 2017</b>					
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	2	-	-	56,210,893	56,210,893
<b>Current Assets</b>					
Inventories	4	-	-	48,054	48,054
Other financial assets	3	24,981,338	-	-	24,981,338
Trade and other receivables		347,630	-	-	347,630
Cash and cash equivalents	5	6,411,401	-	-	6,411,401
		<b>31,740,369</b>	-	<b>48,054</b>	<b>31,788,423</b>
<b>Total Assets</b>		<b>31,740,369</b>	-	<b>56,258,947</b>	<b>87,999,316</b>
<b>Funds and Liabilities</b>					
<b>Funds and reserves</b>					
Reserves		-	-	78,049,091	78,049,091
Accumulated surplus		-	-	8,844,531	8,844,531
		-	-	<b>86,893,622</b>	<b>86,893,622</b>
<b>Total Funds and reserves</b>		-	-	<b>86,893,622</b>	<b>86,893,622</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Trade and other payables	6	-	953,552	21,392	974,944
Provisions	7	-	-	130,754	130,754
		-	<b>953,552</b>	<b>152,146</b>	<b>1,105,698</b>
<b>Total Liabilities</b>		-	<b>953,552</b>	<b>152,146</b>	<b>1,105,698</b>
<b>Total Funds and Liabilities</b>		-	<b>953,552</b>	<b>87,045,768</b>	<b>87,999,320</b>

**FORMOSA GARDEN VILLAGE**  
**Annual Financial Statements for the year ended 31 March 2017**  
**Notes to the Annual Financial Statements**

	Note(s)	Debt instruments at amortised cost	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
<b>Categories of financial instruments - 2016</b>					
<b>Assets</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	2	-	-	49,821,682	49,821,682
<b>Current Assets</b>					
Inventories	4	-	-	55,912	55,912
Other financial assets	3	20,895,577	-	-	20,895,577
Trade and other receivables		265,320	-	-	265,320
Cash and cash equivalents	5	10,076,919	-	-	10,076,919
		<b>31,237,816</b>	-	<b>55,912</b>	<b>31,293,728</b>
<b>Total Assets</b>		<b>31,237,816</b>	-	<b>49,877,594</b>	<b>81,115,410</b>
<b>Funds and Liabilities</b>					
<b>Funds and reserves</b>					
Reserves		-	-	71,320,124	71,320,124
Accumulated surplus		-	-	8,615,246	8,615,246
		-	-	<b>79,935,370</b>	<b>79,935,370</b>
<b>Total Funds and reserves</b>		-	-	<b>79,935,370</b>	<b>79,935,370</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Trade and other payables	6	-	1,022,888	32,478	1,055,366
Provisions	7	-	-	124,680	124,680
		-	<b>1,022,888</b>	<b>157,158</b>	<b>1,180,046</b>
<b>Total Liabilities</b>		-	<b>1,022,888</b>	<b>157,158</b>	<b>1,180,046</b>
<b>Total Funds and Liabilities</b>		-	<b>1,022,888</b>	<b>80,092,528</b>	<b>81,115,416</b>

**FORMOSA GARDEN VILLAGE**  
**Annual Financial Statements for the year ended 31 March 2017**  
**Statement of Financial Performance**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Levies		10,764,136	9,325,998
<b>Other income</b>			
Subscriptions from members		246,848	195,474
Miscellaneous income		394,849	304,285
		641,697	499,759
Interest received	10	2,661,648	1,718,619
Recovery of STANLIB investment impaired in 2015		85,761	-
		<b>3,389,106</b>	<b>2,218,378</b>
		14,153,242	11,544,376
<b>Operating expenses</b>			
<b>Employee costs</b>			
		8,781,651	8,075,174
<b>Property</b>			
Utilities, rates and taxes		2,693,901	2,433,887
Repairs and maintenance		1,468,720	1,065,184
Security		847,942	774,225
Insurance		295,636	179,074
		1,118,666	919,962
<b>Administration</b>			
Office expenses		563,159	475,139
Vehicle expenses		201,425	227,702
Audit and legal fees		68,615	100,543
Other expenses		285,467	116,578
		636,450	510,957
<b>Catering and laundry</b>			
		15,842,966	13,958,463
<b>Deficit for the year</b>			
		<b>(1,689,724)</b>	<b>(2,414,087)</b>