

Formosa Garden Village

Plettenberg Bay

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Annual Report
Year Ended
31st March 2020

EXECUTIVE COMMITTEE MEMBERS

P.G. Gaylard
(Chairman)

D.A. Brown	D.E. Milton
D.D. Faragher-Thomas	M.L. Niven
A.E. Hrabar	H.B. Stacey
T.I. Hutchinson	D.C. Stobart
T.T. Jager	

One vacancy has occurred because of Mr. D.J. Ayres 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 Mr. D.C. Stobart.

Manager:
J.P. Wentzel

Chairman's Review for the year ended 31 March 2020

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

The past year has been another busy one for the Village. However, a few days before the end of the Village's Financial Year on 31st March, the entire Village went into lockdown, along with the rest of South Africa, in accordance with the National State of Disaster proclaimed by President Ramaphosa. At the time of writing this review, in mid-August, the country and the Village remained under lockdown. Normally, the annual general meeting would be held around the end of July, at which the annual financial statements would be tabled and approved, and new members of the EXCO would be elected to serve for the ensuing year. These members would elect a chairman of the EXCO, and in turn, the chairman would nominate chairmen for the House and Finance and Administration Committees, respectively.

In terms of the constitution of Formosa Garden Village, the annual general meeting is required to be held by the end of August each year, five months after the end of the financial year. Under the lockdown regulations, gatherings of more than 50 people are prohibited and we do not believe that it would be possible to accommodate as many people as that in the lounge in the Admin building while observing the social distancing regulations. We also do not believe the holding of a 'Zoom'-type meeting, with all participants joining via the internet, will be a practical option for many of the residents and members of the Village. For these reasons, it was decided at a meeting of the Finance and Administration Committee, held in late July, that the holding of the AGM would be delayed until the lockdown regulations are relaxed sufficiently to allow for the holding of such a meeting. It was further agreed that the current members of the EXCO would continue to serve the Village until such time as the AGM takes place, which will hopefully be in the next month or two.

The purpose of this review and the attached financial reports, therefore, is both to provide you with the information normally presented for approval at the AGM, and to inform you about the current status of the Village.

Review of the past financial year

Village Security

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. There was one attempted breach of the external security fence but this was detected by the security staff and no intrusion took place. Minor damage to the fence was repaired immediately.

Upgrading of Cottages

This program continued during the past year with five cottages upgraded and a further six in progress at the end of the financial year, at a cost of R5.97 million.

Other Building Activities

The upgrading of the Frail Care Centre continued with work aimed at ensuring the facility complies with all regulations prescribed under the relevant acts, in terms of which the Centre is registered. This work continues. In total, the Village incurred capital expenditure of R7,4 million.

Frail Care Centre

During the past financial year, the occupancy level of the Frail Care Centre was lower than it had been for a number of years. The Centre was organised to handle 30 occupants but the occupancy level during the past financial year averaged 63% with, typically, less than 20 residents.

During the first nine months of the previous financial year, the Centre recorded a deficit of R583000. Because of this, in order to reduce costs, it was decided to close the Price-Jones Wing and reduce the staffing levels of the Centre, so that it would be equipped to handle a maximum of 25 occupants. The staff levels were reduced by 9, with 2 resignations, 6 voluntary retrenchments and 1 being moved to a vacant positions in the Village. The estimated cost of the retrenchments was R140000 while the expected annual cost saving was R840000. This re-structuring took place at the end of March, to coincide with the financial year end.

As reported last year, following extensive discussions in the House Committee with Philip and Gerda Wentzel, regarding the future of the Frail Care Centre, the EXCO established a small working group to review the current and expected future status of the Frail Care Centre, and to prepare a strategic approach for addressing this. This group started work during the past year. As the re-development of the Frail Care Centre is expected to take several years to be completed, the group recommended the engagement of a new architect and has also approached a firm of consulting architects from the Cape Town area, who are experts in the design of such care centres. Although the work of the group has been hampered by the lockdown over the past four months, preliminary conceptual drawings have been prepared and more detailed design work is in progress at present. Current thinking is that the entire Frail Care Centre will be established in a new building to be erected next to, and combined with, the Price-Jones Wing. However, much work on the concept remains to be done and ways of financing the proposed new Centre need to be established.

Finances

FGV reflected a deficit of R1294000 for the year, compared with the budgeted surplus of R7000. Although costs were well controlled and were some R1,5 million below budget, the major contributor to the shortfall was the lower than planned income from the Frail Care Centre, which was almost R1 million below budget. A brief analysis is reflected below:

	Budget (R000)	Actual (R000)
Levies and Other income	16312	13968
Interest received	2733	2416
	19045	16384
Expenses	(21763)	(20296)
(Deficit)	(2718)	(3912)
Sponsorships	2725	2712
Movement on Fixed assets		(94)
(Deficit) / Surplus	7	(1294)

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

I refer you to page 18 of the financial statements for a detailed Statement of Financial Performance.

Current Status

The Village has been under lockdown since the end of March and, initially, only the staff needed for essential services and to run the Frail Care Centre were allowed access to the premises. The remainder of the staff were placed on paid leave. In the subsequent months, as the lockdown restrictions were gradually eased, members of staff were allowed to return to work with strict health protocols in place. At present, only some of the domestic cleaners have not yet returned to work but we hope that this will change by the end of August.

Building contractors were also denied access to the Village until the beginning of August so the renovation of a number of cottages was delayed, as was the occupation of these cottages by the relevant sponsors, resulting in a loss of levy income. The renovations are currently in progress and should be completed shortly.

At the end of June, the Village income for the first three months of the current financial year was R450000 below budget. However, expenditure continued to be well controlled and was R410000 below budget for the first three months of the current financial year. Nevertheless, because of the reduction in interest rates over the past six months, interest earned was R130000 below budget, while the delays in making cottages available for re-sponsoring led to a sponsorship income shortfall against the budget of R368000, so that the Village recorded an overall deficit of R257000 for the first three months of the current financial year. The management are looking at ways to achieve cost savings so that the budget targets can be met.

Conclusion

I must, once again, 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 again performed extremely well, as shown by the way in which costs, both operating and capital, were controlled. In particular, I must thank them all for the way they have managed the Village during the past four-and-a-half difficult months of the lockdown. I must also thank all the residents of the Village and the Frail Care Centre for the way in which they have supported Philip and his team as they worked to keep the Village safe for all its residents and staff during the lockdown.

To the members of the Committee, thank you for the time and attention you devoted to the affairs of FGV and thank you to both Theo Jager and David Milton for their work as chairmen of the House and Finco sub-committees, respectively.

In November 2019, Don Ayers resigned from the Committee after serving for some eight years, during which he provided invaluable civil engineering oversight of the capital works in the Village. I have to record my thanks and those of the Committee to him for his contribution to Formosa Garden Village. Don's position on the EXCO was filled by co-opting Dermot Stobart to the committee and he will be standing for election at the annual general meeting.

Peter Gaylard
August 2020

MANAGER'S REPORT

OBITUARY

It is with deep regret that we have to report the passing, during the financial year, of the following 16 residents:

Mr. N. Isemonger, Mrs. F. Schreuder, Mr. R. Lankester, Mr. W. Macnae, Mrs. C. Andersen, Dr. C. Carroll, Mr. J. Stuart, Mr. G. Gardiner, Mrs. R. Davies, Mrs. P. Bellingan, Mr. D. Ribbans, , Mr. C. Morris, Mrs. J. Chapman, Mrs. S. Batterberry, Rev. E Andersen, Mr. D Ritson

MEMBERSHIP:

The total number of members as at 31st March 2020 was 1116. A warm welcome is extended to all members who joined and those who have taken up residence in the village. At the end of March 2020 there were 184 residents in the Village of whom 167 occupied cottages and 17 were being cared for in the Cyril Riley and Price Jones Wings.

ADMINISTRATION:

Thanks to helpful and involved committee members and employees, administrative tasks were fulfilled efficiently. The auditors interim report revealed that the business of Formosa Garden Village is sound with low risk levels. This is mainly due to the controls and checks built into our procedures, and the high level of reporting to committees on a regular basis.

DEPARTMENTS:

CATERING

During the unprecedented hard lockdown, the skilful and enthusiastic catering team quickly demonstrated their ability and experience to cater

for more than usual and therefore I must congratulate FGV's catering department for work well done. Those using the facility during these times have commented on the outstanding food quality and service.

FRAIL HAVEN

Matron D Riley and all the staff in this department performed exceptionally well under the severe pressure caused by Covid 19 Regulations and the Department of Social Development specifications. Once again, their special skills such as being alert to the personalities of residents, empathy, physical strength, and endless patience, are greatly appreciated. Residents not being able to receive visits from family and friends during the Covid 19 lockdown caused stress levels to rise and in order to overcome this FGV acquired an I-pad which they could use to video call and communicate with their loved ones to reduce their stress levels.

DONATIONS

The Thrift Shop is managed by Admin staff and is well patronised. Donations from deceased estates were received over the last 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 2020 are published at the end of this report. Sincere thanks to the Finance and Administration sub-committee, Messrs. D.E. Milton, (Chairman), D Brown, P.G. Gaylard and H.B. Stacey who worked as a team. Their efforts made the financial management of Formosa Garden Village a pleasure in the past year.

SECURITY

Security continues to receive top attention and is always a major concern. We are always on high alert and therefore new access measures as recommended by Covid 19 Regulations were imposed at the entrance to improve the safety of all residents. Plett Security Services continues to deliver excellent service to date.

HUMAN RESOURCES

All staff members have adopted our vision and mission which is to serve the community and in particular the residents of Formosa Garden Village. FGV's labour relations are always in good standing and therefore, this is an appropriate time for me to pay tribute to all our dedicated and loyal staff that perform their tasks with devotion.

PROJECTS:

Projects such as the ongoing upgrading of earmarked cottages, main security entrance boom gates, paved parking bay at entrance and the strategic placement of fire hydrants throughout the village have received attention during the past year. Various others are under discussion such as the upgrading of the existing Frail Care Centre, a sign-wall at the entrance to FGV as well as alternative water and power supply solutions.

Covid 19:

Covid 19 and its Regulation as declared and publicised in the Government Gazette has placed tremendous stress on businesses throughout South Africa and the world. Doing business as we know it will change forever and therefore all of us need to adapt.

GENERAL:

Thank you to the Executive, Finance and Administration, and House Committee members for their time, devotion and assistance. Most importantly to the Chairman Mr. P.G. Gaylard and the respective Chairman's Messrs. D.E. Milton and T.T. Jager for your loyalty and **voluntary** interest over this last year, which is a great asset to the village, through your dedication and support.

August 2020

Philip Wentzel

Manager

FORMOSA GARDEN VILLAGE
(Registration number 009-206 NPO)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

FORMOSA GARDEN VILLAGE
Annual Financial Statements for the year ended 31 March 2020
General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Retirement village registered as a non-profit public benefit organisation
Postal address	PO Box 416 Plettenberg Bay 6600
Auditors	Mazars Registered Auditor Practice number: 900222
Non-profit organisation registration number	009-206 NPO
Issued	22 June 2020

FORMOSA GARDEN VILLAGE
Annual Financial Statements for the year ended 31 March 2020

The reports and statements set out below comprise the annual financial statements presented to the members:

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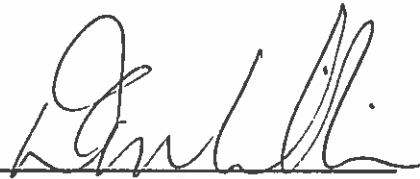
The following supplementary information does not form part of the annual financial statements and is unaudited:

Statement of Financial Performance	18
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The annual financial statements set out on pages 6 to 18, which have been prepared on the going concern basis, were approved by the executive committee on 27 07 2020 and were signed by:



COMMITTEE MEMBER



COMMITTEE MEMBER

Independent Auditor's Report

To the members of Formosa Garden Village

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Formosa Garden Village set out on pages 6 to 17, which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Formosa Garden Village for the year ended 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with the basis of accounting as set out in Note 1 to the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Supplementary information

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on page 18 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.

REGISTERED AUDITOR – A FIRM OF CHARTERED ACCOUNTANTS (SA)

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MAZARS – AN APPROVED FINANCIAL SERVICES PROVIDER

PARTNERS: M V NINAN (NATIONAL CO-CEO), M C OLCCKERS (NATIONAL CO-CEO), J DU PLESSIS (MANAGING PARTNER), A T JEFFERY, C P DU PLESSIS, B FERREIRA

L VAN JAARSVELDT, 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

Responsibilities of the committee members for the Annual Financial Statements

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

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

Auditor's responsibilities for the audit of the Annual Financial Statements

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

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

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

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INDEPENDENT AUDITOR'S REPORT

Report on other legal and regulatory requirements

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



Mazars
B Ferreira
Partner

Registered Auditor
22 June 2020
Plettenberg Bay

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FORMOSA GARDEN VILLAGE
Annual Financial Statements for the year ended 31 March 2020
Statement of Financial Position as at 31 March 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	2	91,893,681	84,452,327
Current Assets			
Inventories	4	57,028	26,241
Trade and other receivables		112,516	313,808
Other financial assets	3	30,238,440	25,238,440
Cash and cash equivalents	5	4,898,473	7,829,946
		35,306,457	33,408,435
Total Assets		127,200,138	117,860,762
Funds and Liabilities			
Funds and reserves			
Reserves		115,075,144	104,481,742
Accumulated surplus		10,924,931	12,218,662
		126,000,075	116,700,404
Liabilities			
Current Liabilities			
Trade and other payables	6	1,021,341	997,005
Provisions	7	178,722	163,353
		1,200,063	1,160,358
Total Funds and Liabilities		127,200,138	117,860,762

FORMOSA GARDEN VILLAGE
Annual Financial Statements for the year ended 31 March 2020
Statement of Comprehensive Income

Figures in Rand	Note(s)	2020	2019
Revenue - Levies	8	13,195,599	12,687,509
Other income		772,467	769,333
		<u>13,968,066</u>	<u>13,456,842</u>
Operating expenses		(20,295,983)	(18,272,747)
Operating deficit	9	(6,327,917)	(4,815,905)
Investment revenue	10	2,416,085	2,602,698
Deficit for the year		<u>(3,911,832)</u>	<u>(2,213,207)</u>

FORMOSA GARDEN VILLAGE
Annual Financial Statements for the year ended 31 March 2020
Statement of Changes in Funds

Figures in Rand	Fixed asset replacement fund	Responsorships levy	Sponsorships	Total reserves	Accumulated surplus	Total funds
Balance at 01 April 2018	216,676	-	89,901,527	90,118,203	10,761,677	100,879,880
Total comprehensive deficit for the year	-	-	-	-	(2,213,207)	(2,213,207)
Transfer to fixed asset replacement fund	94,296	-	-	94,296	(94,296)	-
Sponsorships received	-	3,764,488	17,969,365	21,733,853	-	21,733,853
Refunds to sponsors	-	-	(3,700,122)	(3,700,122)	-	(3,700,122)
Utilisation of responsorship levy	-	(3,764,488)	-	(3,764,488)	3,764,488	-
Total changes	94,296	-	14,269,243	14,363,539	1,456,985	15,820,524
Balance at 01 April 2019	310,972	-	104,170,770	104,481,742	12,218,662	116,700,404
Total comprehensive deficit for the year	-	-	-	-	(3,911,832)	(3,911,832)
Transfer to fixed asset replacement fund	94,296	-	-	94,296	(94,296)	-
Sponsorships received	-	2,712,397	15,058,367	17,770,764	-	17,770,764
Refunds to sponsors	-	-	(4,559,261)	(4,559,261)	-	(4,559,261)
Utilisation of responsorship levy	-	(2,712,397)	-	(2,712,397)	2,712,397	-
Total changes	94,296	-	10,499,106	10,593,402	(1,293,731)	9,299,671
Balance at 31 March 2020	405,268	-	114,669,876	115,075,144	10,924,931	126,000,075

FORMOSA GARDEN VILLAGE
Annual Financial Statements for the year ended 31 March 2020
Statement of Cash Flows

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Cash used in operations	12	(6,117,707)	(4,780,682)
Interest income		2,416,085	2,602,698
Movement in sponsorships		13,211,503	18,033,731
Net cash from operating activities		9,509,881	15,855,747
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(7,441,354)	(17,779,028)
Net movement in other financial assets		(5,000,000)	-
Net cash from investing activities		(12,441,354)	(17,779,028)
Total cash movement for the year		(2,931,473)	(1,923,281)
Cash at the beginning of the year		7,829,946	9,753,227
Total cash at end of the year	5	4,898,473	7,829,946

FORMOSA GARDEN VILLAGE
Annual Financial Statements for the year ended 31 March 2020
Accounting Policies

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 2020
Accounting Policies

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.

FORMOSA GARDEN VILLAGE
Annual Financial Statements for the year ended 31 March 2020
Accounting Policies

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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Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand 2020 2019

2. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	90,032,125	-	90,032,125	82,590,771	-	82,590,771
Furniture, fixtures and equipment	749,883	-	749,883	749,883	-	749,883
Motor vehicles	1,111,673	-	1,111,673	1,111,673	-	1,111,673
Total	91,893,681	-	91,893,681	84,452,327	-	84,452,327

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Total
Land and buildings	82,590,771	7,441,354	90,032,125
Furniture, fixtures and equipment	749,883	-	749,883
Motor vehicles	1,111,673	-	1,111,673
	84,452,327	7,441,354	91,893,681

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Total
Land and buildings	64,811,743	17,779,028	82,590,771
Furniture, fixtures and equipment	749,883	-	749,883
Motor vehicles	1,111,673	-	1,111,673
	66,673,299	17,779,028	84,452,327

Details of properties

Erf 8003 with buildings thereon, Plettenberg Bay

- Original purchase price	55,996	55,996
- Additions since purchase or valuation	89,976,129	82,534,775
	90,032,125	82,590,771

3. Other financial assets

At amortised cost

Unit trusts @ cost 30,238,440 25,238,440

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 2020 was R30 238 334 (2019: R25 194 095).

Current assets

At amortised cost 30,238,440 25,238,440

FORMOSA GARDEN VILLAGE
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand **2020** **2019**

4. Inventories

Merchandise - medical	25,337	18,000
Merchandise - catering	31,691	8,241
	<u>57,028</u>	<u>26,241</u>

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	12,398	2,489
Bank balances	4,886,075	7,827,457
	<u>4,898,473</u>	<u>7,829,946</u>

6. Trade and other payables

Trade payables	603,929	535,716
VAT	13,812	16,353
Waiting list deposits	387,189	429,160
CSOS levy accrual	16,411	15,776
	<u>1,021,341</u>	<u>997,005</u>

7. Provisions

Reconciliation of provisions - 2020

	Opening balance	Additions	Utilised during the year	Total
Staff bonus	163,353	714,888	(699,519)	178,722

Reconciliation of provisions - 2019

	Opening balance	Additions	Utilised during the year	Total
Staff bonus	147,591	653,412	(637,650)	163,353

8. Revenue

Levies	<u>13,195,599</u>	<u>12,687,509</u>
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9. Operating deficit

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

Employee costs	<u>11,865,324</u>	<u>10,676,776</u>
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FORMOSA GARDEN VILLAGE
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

Figures in Rand	2020	2019
10. Investment revenue		
Interest revenue		
Bank and investments	2,411,231	2,583,199
Other	4,855	19,499
	<u>2,416,086</u>	<u>2,602,698</u>
11. Auditor's remuneration		
Year end audit fees	38,364	35,521
Interim audit fees	28,193	26,105
Other fees	-	1,725
	<u>66,557</u>	<u>63,351</u>
12. Cash used in operations		
Deficit before taxation	(3,911,832)	(2,213,207)
Adjustments for:		
Interest received	(2,416,085)	(2,602,698)
Movements in provisions	15,369	15,762
Changes in working capital:		
Inventories	(30,787)	33,936
Trade and other receivables	201,292	(1,178)
Trade and other payables	24,336	(13,297)
	<u>(6,117,707)</u>	<u>(4,780,682)</u>

FORMOSA GARDEN VILLAGE
Annual Financial Statements for the year ended 31 March 2020
Notes to the Annual Financial Statements

13. Categories of financial instruments

	Note(s)	Debt instruments at amortised cost	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
Categories of financial instruments - 2020					
Assets					
Non-Current Assets					
Property, plant and equipment	2	-	-	91,893,681	91,893,681
Current Assets					
Inventories	4	-	-	57,028	57,028
Other financial assets	3	30,238,440	-	-	30,238,440
Trade and other receivables		112,516	-	-	112,516
Cash and cash equivalents	5	4,898,473	-	-	4,898,473
		35,249,429	-	57,028	35,306,457
Total Assets		35,249,429	-	91,950,709	127,200,138
Funds and Liabilities					
Funds and reserves					
Reserves		-	-	115,075,144	115,075,144
Accumulated surplus		-	-	10,924,931	10,924,931
		-	-	126,000,075	126,000,075
Total Funds and reserves		-	-	126,000,075	126,000,075
Liabilities					
Current Liabilities					
Trade and other payables	6	-	1,021,341	-	1,021,341
Provisions	7	-	-	178,722	178,722
		-	1,021,341	178,722	1,200,063
Total Liabilities		-	1,021,341	178,722	1,200,063
Total Funds and Liabilities		-	1,021,341	126,178,797	127,200,138

FORMOSA GARDEN VILLAGE
Annual Financial Statements for the year ended 31 March 2020
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
Categories of financial instruments - 2019					
Assets					
Non-Current Assets					
Property, plant and equipment	2	-	-	84,452,327	84,452,327
Current Assets					
Inventories	4	-	-	26,241	26,241
Other financial assets	3	25,238,440	-	-	25,238,440
Trade and other receivables		313,808	-	-	313,808
Cash and cash equivalents	5	7,829,946	-	-	7,829,946
		33,382,194	-	26,241	33,408,435
Total Assets		33,382,194	-	84,478,568	117,860,762
Funds and Liabilities					
Funds and reserves					
Reserves		-	-	104,481,742	104,481,742
Accumulated surplus		-	-	12,218,658	12,218,658
		-	-	116,700,400	116,700,400
Total Funds and reserves		-	-	116,700,400	116,700,400
Liabilities					
Current Liabilities					
Trade and other payables	6	-	997,009	-	997,009
Provisions	7	-	-	163,353	163,353
		-	997,009	163,353	1,160,362
Total Liabilities		-	997,009	163,353	1,160,362
Total Funds and Liabilities		-	997,009	116,863,753	117,860,762

FORMOSA GARDEN VILLAGE
Annual Financial Statements for the year ended 31 March 2020
Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019
Revenue			
Levies		13,195,599	12,687,509
Other income			
		772,467	769,333
Subscriptions from members		300,819	288,890
Miscellaneous income		471,648	480,443
Interest received	10	2,416,085	2,602,698
		3,188,552	3,372,031
		16,384,151	16,059,540
Operating expenses			
Employee costs		11,865,324	10,676,776
Property		6,374,313	5,974,623
Utilities, rates and taxes		3,263,288	3,063,952
Repairs and maintenance		1,632,728	1,585,524
Security		1,167,110	1,028,050
Insurance		311,187	297,097
Administration		1,256,111	1,054,531
Office expenses		691,637	649,785
Vehicle expenses		292,028	236,989
Audit and legal fees		82,240	69,629
Other expenses		190,206	98,128
Catering and laundry		800,235	566,817
		20,295,983	18,272,747
Deficit for the year		(3,911,832)	(2,213,207)