

STRAND PAVILION SHARE BLOCK LIMITED
(Registration number 1989/006466/06)
Annual Financial Statements
for the year ended 31 December 2020

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Operating a share block scheme in respect of immovable property
Directors	DM van Schoor CV Bundy AN Ridl G Pillay N de Jager MN Ridl PJ de Jager (Alternate director) BA Bailey (Alternate director)
Registered office	Strand Pavilion Beach Road Strand 7139
Postal address	PO Box 684 Strand 7139
Secretary	Brett Anthony Bailey
Company registration number	1989/006466/06
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008, as amended.
Preparer	The annual financial statements were independently compiled by JN Louw CA(SA).
Issued	16 April 2021

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Index

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

Index	Page
Statement by Company Secretary	3
Social and Ethics Committee Report	4 - 5
Audit Committee Report	6 - 7
Directors' Responsibilities and Approval	8
Independent Auditor's Report	9 - 11
Directors' Report	12 - 14
Statement of Financial Position	15
Statement of Profit or Loss and Other Comprehensive Income	16
Statement of Changes in Equity	17
Statement of Cash Flows	18
Accounting Policies	19 - 25
Notes to the Annual Financial Statements	26 - 36
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	37
Insurance Schedule	38 - 39

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Statement by Company Secretary

I, Brett Anthony Bailey, company secretary of Strand Pavilion Share Block Limited, hereby certify that the company has, for the year under review, lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act 71 of 2008, as amended and that all such returns are true, correct and up to date.



Company Secretary

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Social and Ethics Committee Report

Strand Pavilion Share Block Social and Ethics Committee was appointed by the Board of directors for the financial year ended 31 December 2020 in compliance with the Companies Act 71 of 2008, as amended.

1. Statutory duties

- 1.1 The monitoring of the company's activities with regards to, but not limited to:
 - Social and economic development, including the company's standing in terms of:
 - The 10 principles set out in the United National Global Compact Principles;
 - OECD recommendation regarding corruption;
 - The Employment Equity Act;
 - The Broad-Based Black Economic Empowerment Act
 - Good corporate citizen
 - The environment, health and public safety
 - Consumer relationships
 - Labour and employment
- 1.2 To draw matters within its mandate to the attention of the board.
- 1.3 To report to the shareholders of the company at the company's annual general meeting, on matters within its mandate.

2. The committee met on 5 November 2020 and consisted out of the following members:

BA Bailey	Chairman of Committee, Resort manager and Alternate director
CV Bundy	Non-executive director
N de Jager	Director
PJ de Jager	Alternate director

3. Purpose and roll

The committee assist the board in ensuring that the company is, and remains a committed socially responsible corporate citizen.

As per the Social and Ethics handbook, corporate responsibility was monitored in the following four areas.

3.1 Market Place

3.1.1 Corruption prevention

- The company is equipped with an extensive camera network that has proven very reliable and helpful in curbing corruption and theft.
- There is a whistle blower program in place and it assists management in identifying sources of problems.
- The company is audited by a reputable audit firm, Baker Tilly Greenwoods.
- When acquiring assets, various quotes are obtained to compare prices thereby preventing the buyer from getting "kickbacks".

3.1.2 Broad-based Economic empowerment

- Strand Pavilion Share Block Limited distributes wealth across as broad a spectrum of previously disadvantaged South African society as possible. This was achieved through direct employment and by facilitating the start-up of an independent cleaning services company.

Strand Pavilion Share Block Limited
Annual Financial Statements for the year ended 31 December 2020

Social and Ethics Committee Report

3.2 Work place

3.2.1 Employee safety and health

- The company endeavours to ensure the health and safety of all employees by adhering to the health and safety guidelines and providing additional insurance over and above contributions to the Workmen's Compensation Fund.
- The company adhered to COVID 19 protocols and staff were provided with masks, sufficient sanitising stations were installed and protective clothing were provided where applicable.
- The Strand Pavilion received the RCI Gold Crown Award and was 2nd in line for the Top Gold Crown Resorts (Medium division), were in the Top 5 for Check-in and check-out and received a Green Reward for the Solar panel installation.

3.3 Social environment

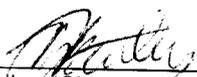
3.3.1 Donations and sponsorships

- The Strand Pavilion Share Block Limited donated furniture and linen that were replaced to staff members.

3.4 Natural environment

3.4.1 Environmental impact

- The company has installed a water purification system in order to conserve water.
- Refuse is privately removed and recycled.
- Water measures have been introduced to conserve water.
- Sensor lights have been installed in store rooms in order to prevent the lights being left on.
- Solar panels have been installed on the roof.


BA Bailey (Chairman: Social and ethics committee)

Date: 16 April 2021

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Audit Committee Report

As required by section 94 of the Companies Act 71 of 2008, as amended, the audit committee has to include a report of its activities in the financial statements.

The audit committee has pleasure in submitting this report, as required by section 94 of the Companies Act 71 of 2008, as amended.

Functions of the audit committee

The role of the audit committee is to assist the board by performing an objective and independent review of the organisation's finance and accounting control mechanisms. It exercises its functions through close liaison and communication with management and the external auditors. The committee met twice during the 2020 financial year. The audit committee has discharged the functions as ascribed to it in terms of the act as follows:

Reviewed the year-end financial statements, culminating in a recommendation to the board to adopt them. In the course of its review, the committee:

- Takes appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act 71 of 2008, as amended;
- Considers and, when appropriate, makes recommendations on internal financial controls;
- Deals with concerns or complaints relating to accounting policies, the auditing or content of annual financial statements, and internal financial controls;
- Reviews legal matters that could have a significant impact on the organisation's financial statements;
- Reviewed the external audit report on the annual financial statements;
- Approved the audit plan;
- Evaluates the effectiveness of controls and the governance processes;
- Verified the independence of the external auditor, nominated Baker Tilly Greenwoods as the auditors for 2020 and noted their appointment as the designated auditor;
- Approved the audit fees and engagement terms of the external auditor; and
- Reviewed and discussed the quality of the accounting policies with the external auditors.

Members of the audit committee and attendance of meetings

The audit committee consist of the independent non-executive directors listed here under. All members act independently as contemplated in section 94 of the Companies Act. During the year under review, the following meetings were held, attended by all members as listed, as well as a representative on behalf of Baker Tilly Greenwoods:

5 June 2020 - DM Van Schoor, G Pillay, CV Bundy and J de Jager (administrator)

5 November 2020 - DM van Schoor, G Pillay, CV Bundy, J de Jager (administrator) and J Swart (on invitation)

Internal control

The audit committee fulfills an oversight role regarding the company's financial statements and the reporting process, including the system of internal financial control.

Attendance

The external auditors, in their capacity as auditors to the company, attended and reported at the 5 November 2020 meeting of the audit committee.

Strand Pavilion Share Block Limited

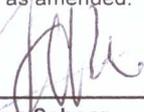
Annual Financial Statements for the year ended 31 December 2020

Audit Committee Report

Independence of external auditor

During the year under review, the audit committee reviewed the independence of the auditor and confirmed the independence of the auditor.

The audit committee considers the financial statements of Strand Pavilion Share Block Limited to be a fair presentation of its financial position as at 31 December 2020 and of the results of the operations, changes in equity and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the Companies Act of South Africa 71 of 2008, as amended.



DM van Schoor
Chairman: Audit Committee
Date: 16 April 2021

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008, as amended to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

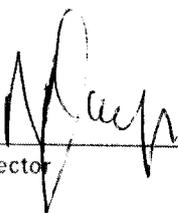
The directors acknowledge that they are ultimately responsible for the company's system of internal financial control. These controls are designed to provide reasonable, but not absolute assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

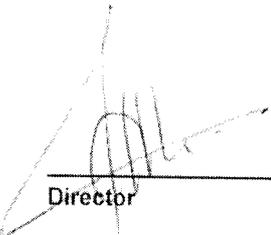
The directors have reviewed the company's cash flow forecast for the year and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 9 to 11.

The annual financial statements set out on pages 15 to 37, which have been prepared on the going concern basis, were approved by the directors on 16 April 2021 and were signed on their behalf by:



Director



Director

Independent Auditor's Report

To the shareholders of Strand Pavilion Share Block Limited

Opinion

We have audited the annual financial statements of Strand Pavilion Share Block Limited (the company) set out on pages 15 to 36, which comprise the statement of financial position as at 31 December 2020, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the 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 Strand Pavilion Share Block Limited as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3, 4A and 4B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report and the Audit Committee's Report as required by the Companies Act 71 of 2008, as amended, the Social and Ethics Committee Report, the Audit Committee Report, the Statement by Company Secretary and the supplementary information set out on pages 37 to 39, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

Baker Tilly Greenwoods Chartered Accountants independently trading as Baker Tilly Greenwoods is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

Partners: **C van Heerden** B Com CA (SA), **PM Kitshoff** B Compt (Hons) CA (SA), **CH Beekmans** B Com CA (SA), **M Podesta** B Acc (Hons) CA (SA), **EA Mulder** B Acc (Hons) CA (SA), **J Swart** B Compt (Hons) CA (SA), **J Giliomee** B Acc LLB, B Acc (Hons) CA (SA), **JL du Toit** B Acc (Hons) CA (SA)

Professional Assistants: **J Bashford** B Acc (Hons) CA (SA), **E Banger** B Acc (Hons) CA (SA), **J Steyn** B Acc (Hons) CA (SA)

Associate: **R Louw** B Acc (Hons) CA (SA)

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

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

Responsibilities of the directors for the Annual Financial Statements

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

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

Auditor's responsibilities for the audit of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 company 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.

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Baker Tilly Greenwoods has been the auditor of Strand Pavilion Share Block Limited for thirty-two years.

Baker Tilly Greenwoods
Baker Tilly Greenwoods
Partner: J Swart
Registered Auditor

16 April 2021
Cape Town

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Directors' Report

The directors submit their report for the year ended 31 December 2020.

1. Review of activities

The company is engaged in operating a share block scheme in respect of immovable property and operates in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the company was R5,406,326 (2019: R325,430), after taxation of R114,222 (2019: R125,574).

2. Share capital

There have been no changes to the authorised or issued share capital during the year under review.

3. Dividends

Due to the nature of the entity, no dividends were declared or paid to the shareholders during the year under review.

4. Directors

The directors in office at the date of this report are as follows:

DM van Schoor
CV Bundy
AN Ridl
G Pillay
N de Jager
MN Ridl
PJ de Jager (Alternate director)
BA Bailey (Alternate director)

As required by the company's Memorandum of Incorporation ("MOI"), one half of the six appointed directors will retire from office at the annual general meeting ("AGM") and may be eligible for nomination and re-election. Consequently, DM van Schoor, G Pillay and MN Ridl retired at the AGM held on 5 November 2020. They were nominated for re-election and the shareholders unanimously voted in favour of their appointment.

5. Borrowing powers

In terms of the Memorandum of Incorporation, the directors may not exercise all the powers of the company to borrow money.

6. Special resolutions

No special resolutions, the nature of which might be significant to the shareholders in their appreciation of the state of affairs of the company were made by the company during the year covered by this report.

7. Events after the reporting period

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

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Directors' Report

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

Following the impact of the COVID-19 pandemic and the national lockdown in South Africa during the 2020 financial year, the directors have made a current consideration of the potential further impact thereof on the going concern status of the company.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the company continues to receive levy income from its owners and that management continuously manages the costs to be incurred.

The approved budget for the December 2021 financial year included a 0.00% increase on levies. A 50.00% levy-discount was budgeted for the owners who could not use their week during 2020 due to the national lockdown and who opted not to use a replacement week offered, within the following three years.

A large portion of the levy income for the December 2021 financial year has already been received in the prior financial year and is available in the cash balance. On 13 November 2020 R1,815,000 (including VAT) insurance payment was received for business interruption. This relates to the loss of levy income in 2021 due to the 50.00% discount, as stated above.

The approved budget for the December 2021 financial year already takes all cost reductions that were negotiated into account. The budgeted deficit of R522,756 for 2021, will be funded by the surplus of 2020.

The company is funded by accumulated levy reserves and cash balances. Its ongoing obligations mainly relate to the expenses incurred to maintain the timeshare resort as well as the costs relating to the administration of the company. The company accordingly does not have any obligations to third party financial institutions for repayment of borrowings.

The directors believe that in accordance with the cash flow projections, taking into account a range of possible further impacts of the COVID-19 pandemic, that the company has sufficient cash balances available to fund its ongoing obligations for the next twelve months. This assessment takes into the account the current measures being put in place by the company to preserve cash.

Based on their evaluation, and after taking all current available information into account about the foreseeable future for at least twelve months from the reporting date, the directors have concluded that the company will be able to continue as a going concern. They are however unsure whether a further lockdown and closure of the resort will be implemented by the President, and what the effect of such an extended closure will have on the collectability of the 2022 levy income.

Consequently, the directors have, after careful consideration, concluded that there is, at the date of this report, no material uncertainty as to whether or not the company will be able to continue as a going concern for the next twelve months.

The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

9. Auditors

Baker Tilly Greenwoods continued in office in terms of section 90 of the Companies Act 71 of 2008, as amended.

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Directors' Report

10. Secretary

The company secretary is Brett Anthony Bailey.

Postal address: PO Box 684
Strand
7139

Business address: 96 Chapman Avenue
Gordons Bay
7150

11. Accounting policies

The South African Institute of Chartered Accountants issued a Guide on Financial Reporting by Share Block Companies, in June 2011.

In line with this, the company changed its accounting policy with regards to items of property, plant and equipment in 2012.

The summarised result of the Guide is that Property, Plant and Equipment be derecognised, resulting in debit loans which, in terms of the Accounting Guide on Share Block Companies, have been set off against existing credit loans from shareholders.

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act 71 of 2008, as amended.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

12. Management agreement

During the year the business of the company was managed under an agreement by Strand Pavilion Resort Proprietary Limited, a company in which Mr PJ de Jager, one of the alternate directors, has an interest in and the management fees as well as laundry expenses were accordingly paid to that company.

13. Liquidity and solvency

The directors have performed the required liquidity and solvency tests as and when required by the Companies Act 71 of 2008, as amended, and were satisfied that the requirements were met.

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Statement of Financial Position as at 31 December 2020

Figures in Rand	Notes	2020	2019
Assets			
Current Assets			
Trade and other receivables	3	523 912	395 438
Current tax receivable		10 865	-
Cash and cash equivalents	4	17 237 912	16 046 638
		<u>17 772 689</u>	<u>16 442 076</u>
Equity and Liabilities			
Equity			
Share capital	5	8 016	8 016
COVID-19 Levy fund reserve		1 707 586	-
General levy fund reserve		7 338 857	3 640 116
		<u>9 054 459</u>	<u>3 648 132</u>
Liabilities			
Current Liabilities			
Trade and other payables	6	397 552	336 710
Levies received in advance	7	8 320 678	12 453 040
Current tax payable		-	4 194
		<u>8 718 230</u>	<u>12 793 944</u>
Total Equity and Liabilities		<u>17 772 689</u>	<u>16 442 076</u>

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Notes	2020	2019
Revenue	8	17 879 063	16 874 868
Operating expenses		(13 031 823)	(17 189 385)
Operating surplus/(deficit)	9	4 847 240	(314 517)
Investment income	10	673 308	765 562
Finance costs	11	-	(41)
Surplus before taxation		5 520 548	451 004
Taxation	12	(114 222)	(125 574)
Surplus for the year		5 406 326	325 430
Other comprehensive income		-	-
Total comprehensive income for the year		5 406 326	325 430

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Statement of Changes in Equity

	Share capital	COVID-19 Levy fund reserve	General levy fund reserve	Total equity
Figures in Rand				
Balance at 1 January 2019	8 016	-	3 314 686	3 322 702
Surplus for the year	-	-	325 430	325 430
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	325 430	325 430
Balance at 1 January 2020	8 016	-	3 640 117	3 648 133
Surplus for the year	-	-	5 406 326	5 406 326
Other comprehensive income	-	-	-	-
Transfer to COVID-19 Levy fund reserve	-	1 707 586	(1 707 586)	-
Total comprehensive income for the year	-	1 707 586	3 698 740	5 406 326
Balance at 31 December 2020	8 016	1 707 586	7 338 857	9 054 459
Note	5			

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Statement of Cash Flows

Figures in Rand	Notes	2020	2019
Cash flows from operating activities			
Cash generated from operations	14	647 247	(2 590 852)
Interest income	10	673 308	765 562
Finance costs	11	-	(41)
Taxation paid	13	(129 281)	(59 280)
Net cash from operating activities		1 191 274	(1 884 611)
Cash flows from investing activities			
Net cash from investing activities		-	-
Cash flows from financing activities			
Net cash from financing activities		-	-
Total cash movement for the year		1 191 274	(1 884 611)
Cash at the beginning of the year		16 046 638	17 931 249
Total cash at end of the year	4	17 237 912	16 046 638

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act 71 of 2008, as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost basis, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

These accounting policies are consistent with the previous period, except for the changes set out in note 2.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with International Financial Reporting Standards requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Lease classification

The company is party to leasing arrangements, both as a lessee and as a lessor. The treatment of leasing transactions in the annual financial statements is mainly determined by whether the lease is considered to be an operating lease or a finance lease. In making this assessment, management considers the substance of the lease, as well as the legal form, and makes a judgement about whether substantially all of the risks and rewards of ownership are transferred.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

1.3 Property, plant and equipment

In terms of International Financial Reporting Standards and the South African Institute of Chartered Accountants' Guide for Share Block Companies, de-recognition of the company's Property, Plant and Equipment has been effected in these Annual Financial Statements to reflect that the members of Strand Pavilion Share Block Limited have the right of use of the common property and therefore the economic value of traversing, as determined by the provisions of the signed use agreements.

Similarly, any subsequent costs relating to capital expenditure does not result in any future economic benefit (through use or sale) for the company. The right of use of such capital expenditure resides in the members of the company, and is reflected as an expense in the Statement of Profit or Loss and Other Comprehensive Income.

1.4 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through surplus or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through surplus or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through surplus or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through surplus or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through surplus or loss).

Note 17: Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 3).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance. Receivables do not contain a significant financing component, accordingly the application of the effective interest method is not applicable.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate. Based thereon, no expected credit loss allowance was recognised.

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in surplus or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 3) and the financial instruments and risk management note (note 17).

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

Financial instruments (continued)

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in surplus or loss in the derecognition gains/(losses) on financial assets at amortised cost line item.

Trade and other payables

Classification

Trade and other payables (note 6), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in surplus or loss in finance costs.

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 17 for details of risk exposure and management thereof.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Loans from shareholders

The loan obligation to shareholders was netted against the debit loans to shareholders which arose upon the derecognition of property, plant and equipment during the 2012 financial year in terms of the South African Institute of Chartered Accountant's Guide for Share Block Companies.

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

Financial instruments (continued)

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

1.5 Tax

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.

Current tax liabilities/assets for the current and prior periods are measured at the amount expected to be paid to/recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in surplus or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a transaction or event which is recognised, in the same or different period directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

1.6 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

The levy fund reserve relates to the accumulated surplus of unspent levy income which is available for use in future years. During the 2020 financial year, certain levy income was received, but due to the company's closure for a number of weeks as a result of the national lockdown, the relating costs were reduced. Certain owners who could not use the week during the affected period, agreed to opt for a 50% reduced levy for 2021. The 50% reduction in those levies for 2021 will be funded from the levy reserve fund. Accordingly, the value of the 50% reduction in those specific levies, was transferred from the general levy fund reserve to the COVID-19 levy fund reserve for utilisation in 2021.

1.8 Contract liability (levies received in advance)

Contract liabilities represent levies received in advance from owners as well as business interruption receipts relating to levies for future periods.

These amounts are recognised as income during the period the customer is entitled to use the specific area. Refer to note 1.10 for details regarding the performance obligation relating to Levy income.

1.9 Provisions and contingencies

Provisions are recognised when:

- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Accounting Policies

1.9 Provisions and contingencies (continued)

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

1.10 Revenue from contracts with customers

The company recognises revenue from the following major source:

- Levy income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when the period that the customer is entitled to use the specific area, has passed.

Levy income

The company operates a share block scheme and the levy income is derived as a result of the entitlement to use specific area within the share block.

In terms of the Memorandum of Incorporation "MOI" and the Use Agreement, each shareholder is entitled to the usage of a specific area in the share block. The shareholders are therefore the customers. The performance obligation for recognising the levy income is determined by the period that the specific area should be available for the customer.

The levies are invoiced as per contract at the beginning of the period and payment is due and payable immediately. The company offers a 10.00% discount if the customers pay their levies before the end of the preceding financial year. For such advance receipts, a contract liability is recognised. Refer to note 1.8.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> • Presentation of Financial Statements: Disclosure initiative 	1 January 2020	The impact of the amendment is not material.
<ul style="list-style-type: none"> • Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative 	1 January 2020	The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2021 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"> • Classification of Liabilities as Current or Non-Current - Amendment to IAS 1 	1 January 2023	Unlikely there will be a material impact
<ul style="list-style-type: none"> • Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1 	1 January 2022	Unlikely there will be a material impact
<ul style="list-style-type: none"> • Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9 	1 January 2022	Unlikely there will be a material impact

3. Trade and other receivables

Financial instruments:

Trade receivables	223 433	170 167
Other receivables	42 801	46 586
Trade receivables at amortised cost	266 234	216 753

Non-financial instruments:

VAT	241 424	166 630
Prepayments	16 254	12 055
Total trade and other receivables	523 912	395 438

Split between non-current and current portions

Current assets	523 912	395 438
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Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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3. Trade and other receivables (continued)

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	266 234	216 753
Non-financial instruments	257 678	178 685
	523 912	395 438

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade and other receivables mentioned above. The company does not hold any collateral as security.

The average credit period on trade receivables is 30 days (2019: 30 days). No interest is charged on outstanding trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

Trade receivables were previously impaired only when there was objective evidence that the asset was impaired. The impairment was calculated as the difference between the carrying amount and the present value of the expected future cash flows.

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

No allowance were deemed necessary in the current or previous year.

	2020	2020	2019	2019
Expected credit loss rate:	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
More than 120 days past due	221 926	-	170 167	-

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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3. Trade and other receivables (continued)

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

As these instruments are short-term in nature, the disclosure of fair value information is not applicable.

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3 081	3 000
Bank balances	17 234 831	16 043 638
	17 237 912	16 046 638

Cash and cash equivalents pledged

A guarantee of R250,000 is registered over a fixed deposit account for a municipal utility charge.

Fair value of cash and cash equivalents

The fair value of cash and cash equivalents approximates their carrying amount.

5. Share capital

Authorised

6,032 Ordinary Type A shares of 50c each	3 016	3 016
10,000 Ordinary Type B shares of 50c each	5 000	5 000
	8 016	8 016

Issued

6,032 Ordinary Type A shares of 50c each	3 016	3 016
10,000 Ordinary Type B shares of 50c each	5 000	5 000
	8 016	8 016

6. Trade and other payables

Financial instruments:

Leave pay accrual	38 229	50 785
Other accrued expenses	359 323	285 925
	397 552	336 710

Exposure to liquidity risk

Refer to note 17 Financial instruments and financial risk management for details of liquidity risk exposure and management.

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
6. Trade and other payables (continued)		
Fair value of trade and other payables		
The fair value of trade and other payables approximates their carrying amounts.		
As these instruments are short-term in nature, the disclosure of fair value information is not applicable.		
7. Levies received in advance (contract liabilities)		
Summary of contract liabilities		
Levies received in advance from shareholders	6 505 678	12 453 040
Business interruption receipts	1 815 000	-
	<u>8 320 678</u>	<u>12 453 040</u>
Reconciliation of contract liabilities		
Opening balance	12 453 040	14 576 201
Revenue recognised on delivery of services previously paid for	(12 453 040)	(14 576 201)
Payments received in advance of delivery of performance obligations	8 320 678	12 453 040
	<u>8 320 678</u>	<u>12 453 040</u>
Split between non-current and current portions		
Current liabilities	<u>8 320 678</u>	<u>12 453 040</u>
The contract liability consists of amounts received from customers who paid their levies in advance of the performance obligation.		
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period		
Levy income	12 453 040	14 576 201
8. Revenue		
Revenue from contracts with customers		
Levy and parking income	<u>17 879 063</u>	<u>16 874 868</u>

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
8. Revenue (continued)		
Disaggregation of revenue from contracts with customers		
The company disaggregates revenue from customers as follows:		
Rendering of services		
Levy income	17 846 385	16 837 422
Parking income	32 678	37 446
	17 879 063	16 874 868
Timing of revenue recognition		
At a point in time		
Parking income	32 678	37 446
Over time		
Levy income	17 846 385	16 837 422
Total revenue from contracts with customers	17 879 063	16 874 868
9. Operating surplus/(deficit)		
Operating surplus/(deficit) for the year is stated after accounting for the following:		
Auditor's remuneration - external		
Audit fees	108 570	91 895
Other operating expenses		
Administration and management fees	798 646	951 708
Assessment rates and municipal charges	625 756	647 989
Bad debts	648 556	-
Cleaning and laundry	3 442 244	4 414 967
Electricity and water	774 394	2 053 914
Insurance	358 532	310 572
Rental - store rooms, telephone and other	415 779	485 307
Repairs and maintenance	1 485 811	2 492 502
Salaries and labour costs	3 766 333	4 877 534
Secretarial and tax administration fees	22 272	16 971
10. Investment income		
Interest income		
Investments in financial assets:		
Bank	673 308	765 562
Reconciliation of cash flow relating to investment income		
Investment income as per statement of comprehensive income	673 308	765 562
11. Finance costs		
Other	-	41

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
12. Taxation		
Major components of the tax expense		
Current		
Local income tax - current period	114 222	125 574
	114 222	125 574
Reconciliation of the tax expense		
Reconciliation between accounting surplus and tax expense.		
Accounting surplus before taxation	5 520 548	451 004
Tax at the applicable tax rate of 28% (2019: 28%)	1 545 753	126 281
Tax effect of adjustments on taxable income		
Disallowable expenditure relating to exempt levy income	3 579 457	4 727 771
Exempt income on levies received	(5 010 988)	(4 728 478)
	114 222	125 574
The effective tax rate is influenced by the exemptions and allowances applicable to Share Block Companies.		
13. Tax paid		
Balance at beginning of the year	(4 194)	62 100
Current tax for the year recognised in surplus or loss	(114 222)	(125 574)
Balance at end of the year	(10 865)	4 194
	(129 281)	(59 280)
14. Cash used in operations		
Profit before taxation	5 520 549	451 004
Adjustment for:		
Interest received	(673 308)	(765 562)
Finance costs	-	41
Changes in working capital:		
Trade and other receivables	(128 473)	(186 162)
Trade and other payables	60 841	32 987
Levies received in advance	(4 132 362)	(2 123 160)
	647 247	(2 590 852)

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
15. Related parties		
Relationships		
Directors and members of key management	Refer to Directors' Report	
Shareholders with significant influence under control of directors	Strand Pavilion Development Proprietary Limited Strand Pavilion Resort Proprietary Limited	
Related party balances		
Amounts included in Trade receivable regarding related party		
Shareholder with significant influence under control of directors	1 507	-
Related party transactions		
Other expenses/(income) paid to/(received from) shareholders with significant influence		
Levies received	(650 555)	(600 106)
Laundry expenses paid	650 375	906 216
Administration and management fees paid	798 646	951 708
Rental paid for premises	205 272	193 656
Telephone expenses paid	57 240	62 916
16. Directors' emoluments		
DM van Schoor (Non-executive)	14 700	13 650
CV Bundy (Non-executive)	14 700	13 650
MN Ridl (Non-executive)	14 700	13 650
G Pillay (Non-executive)	14 700	13 650
N de Jager (Executive)	14 700	13 650
PJ de Jager (Alternate: Non-executive)	14 700	9 100
BA Bailey (Alternative: Executive)	14 700	13 650
	102 900	91 000

During the current year, the Alternate: Executive Director received an amount of R959,556 (2019: R965,100) as remuneration out of his employment with Strand Pavilion Share Block Limited.

During the current year, the Alternate: Non-Executive Director received an amount of R100,000 (2019: R100,000) as remuneration out of his employment with a related party company.

During the current year, the Executive Director received an amount of R240,000 (2019: R240,000) as remuneration out of her employment with a related party company.

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

17. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2020

	Notes	Amortised cost	Total
Trade and other receivables	3	266 234	266 234
Cash and cash equivalents	4	17 237 912	17 237 912
		17 504 146	17 504 146

2019

	Notes	Amortised cost	Total
Trade and other receivables	3	216 753	216 753
Cash and cash equivalents	4	16 046 638	16 046 638
		16 263 391	16 263 391

Categories of financial liabilities

2020

	Note	Amortised cost	Total
Trade and other payables	6	397 552	397 552

2019

	Note	Amortised cost	Total
Trade and other payables	6	336 710	336 710

Financial risk management

Overview

The main risks arising from the company's financial instruments are market risk (including cash flow interest rate risk), credit risk and liquidity risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted a policy of only dealing with creditworthy counterparties.

Credit risk consists mainly of cash deposits, cash and cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

17. Financial instruments and risk management (continued)

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Levies are settled in cash or using major credit cards.

Financial assets exposed to credit risk at year end are cash equivalents and trade receivables. The credit risk on liquid funds is limited because the counterparties are with major banks with high credit ratings.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company manages liquidity risk through an ongoing review of future commitments and credit payables.

Cash flow forecasts are prepared and monitored.

The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 December 2020

	Note	Less than 6 months	Total
Current liabilities			
Trade and other payables	6	397 552	397 552

At 31 December 2019

	Note	Less than 6 months	Total
Current liabilities			
Trade and other payables	6	336 710	336 710

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

17. Financial instruments and risk management (continued)

Interest rate risk

The company's interest rate risk at statement of financial position date arises from interest-bearing assets. Interest-bearing assets issued at variable rates expose the company to cash flow interest rate risk.

Sensitivity analysis

The sensitivity analysis below presents the interest rate risks in accordance with IFRS 7. It has been determined based on the exposure to interest rates for financial instruments at the balance sheet date and shows the effects of changes in market interest rates on interest income. For variable rate assets, the analysis is prepared assuming the average asset was available for the whole year. A 100 basis point increase or decrease represents management's assessment of the reasonable possible change in interest rate.

During the year ending 31 December 2020, if interest rates on Rand-denominated interest-bearing assets had been 100 basis points higher/lower with all other variables held constant, net surplus or deficit for the year would have increased/decreased by R168,202 (2019: R88,808), mainly as a result of higher/lower interest income on variable rate borrowings.

Cash flow interest rate risk

Heading	Current interest rate	Due in less than a year
Cash in current banking institutions: Liquidity	3.05%	13 136 884
Cash in current banking institutions: Fixed deposit	3.98%	3 310 311
Cash in current banking institutions: Current and call	0.38%	787 636
		<u>17 234 831</u>

18. Events after the reporting period

The directors are not aware of any material reportable event affecting the annual financial statements which occurred after the reporting date and up to the date of this report.

19. 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 the future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Following the impact of the COVID-19 pandemic and the national lockdown in South Africa during the 2020 financial year, the directors have made a current consideration of the potential further impact thereof on the going concern status of the company.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the company continues to receive levy income from its owners and that management continuously manages the costs to be incurred.

The approved budget for the December 2021 financial year included a 0.00% increase on levies. A 50.00% levy-discount was budgeted for the owners who could not use their week during 2020 due to the national lockdown and who opted not to use a replacement week offered, within the following three years.

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Notes to the Annual Financial Statements

19. Going concern (continued)

A large portion of the levy income for the December 2021 financial year has already been received in the prior financial year and is available in the cash balance. On 13 November 2020 R1,815,000 (including VAT) insurance payment was received for business interruption. This relates to the loss of levy income in 2021 due to the 50.00% discount, as stated above.

The approved budget for the December 2021 financial year already takes all cost reductions that were negotiated into account. The budgeted deficit of R522,756 for 2021, will be funded by the surplus of 2020.

The company is funded by accumulated levy reserves and cash balances. Its ongoing obligations mainly relate to the expenses incurred to maintain the timeshare resort as well as the costs relating to the administration of the company. The company accordingly does not have any obligations to third party financial institutions for repayment of borrowings.

The directors believe that in accordance with the cash flow projections, taking into account a range of possible further impacts of the COVID-19 pandemic, that the company has sufficient cash balances available to fund its ongoing obligations for the next twelve months. This assessment takes into the account the current measures being put in place by the company to preserve cash.

Based on their evaluation, and after taking all current available information into account about the foreseeable future for at least twelve months from the reporting date, the directors have concluded that the company will be able to continue as a going concern. They are however unsure whether a further lockdown and closure of the resort will be implemented by the President, and what the effect of such an extended closure will have on the collectability of the 2022 levy income.

Consequently, the directors have, after careful consideration, concluded that there is, at the date of this report, no material uncertainty as to whether or not the company will be able to continue as a going concern for the next twelve months.

The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

20. Disclosure of previous accounting policy

The Accounting Policy prior to 2012 disclosed Property, Plant and Equipment at a historic cost of R20,076,466 and loan obligations to shareholders at R20,101,952 which do not bear interest and are not repayable save in the event of winding up of the company. The annual financial statements are now being prepared in accordance with International Financial Reporting Standards in terms of the South African Institute of Chartered Accountants' Guide on Financial Reporting by Share Block Companies in terms where of Property, Plant and Equipment as well as the shareholders' loan obligations have been derecognised.

These Accounting Policies are fully disclosed in notes 1.3 and 1.4.

Strand Pavilion Share Block Limited

Annual Financial Statements for the year ended 31 December 2020

Detailed Income Statement

Figures in Rand	Notes	2020	2019
Revenue			
Levies and parking income		17 879 063	16 874 868
Operating expenses			
AGM expenses		(5 391)	(9 555)
Accounting fees		(8 200)	(7 650)
Administration and management fees		(798 646)	(951 708)
Assessment rates and municipal charges		(625 756)	(647 989)
Auditors remuneration	9	(108 570)	(91 895)
Bad debts		(648 556)	-
Bank charges		(78 338)	(90 065)
Cleaning and laundry		(3 442 244)	(4 414 967)
Computer expenses		(86 777)	(91 001)
Electricity and water		(774 394)	(2 053 914)
Guest supplies		(188 213)	(328 444)
Insurance		(358 532)	(310 572)
Lease levy		(9 766)	(11 081)
Legal expenses and professional consulting expenses		(7 900)	(13 578)
Motor vehicle expenses		(35 902)	(93 131)
Photocopy and fax		(11 045)	(14 142)
Postage		(4 415)	(5 178)
Printing and stationery		(46 713)	(66 144)
Protective clothing		(19 904)	(19 759)
Rental- store rooms, telephone and other		(415 779)	(485 307)
Repairs and maintenance		(1 485 811)	(2 492 502)
Salaries and labour costs		(3 766 333)	(4 877 534)
Secretarial and tax administration fees		(22 272)	(16 971)
Staff welfare		(19 011)	(37 667)
Subscriptions		(47 281)	(42 559)
Television licenses		(16 074)	(16 072)
		(13 031 823)	(17 189 385)
Operating surplus/(deficit)	9	4 847 240	(314 517)
Investment income	10	673 308	765 562
Finance costs	11	-	(41)
Surplus before taxation		5 520 548	451 004
Taxation	12	(114 222)	(125 574)
Surplus for the year		5 406 326	325 430

Strand Pavilion Share Block Limited
Annual Financial Statements for the year ended 31 December 2020

Insurance schedule

Figures in Rand

Sum insured

Insurer: AON South Africa (Pty) Ltd

1. Buildings combined

Buildings	238 000 000
Escalation	20 563 200
Inflation	19 040 000
	277 603 200

2. Office contents

Beach Road	232 894
Documents	23 202
PABX	211 722
Liability for documents	30 685
	478 503

3. Business interruption

Revenue	19 800 000
Additional claims costs	50 000
Prevention of access	11 787 500
Public utilities	11 787 500
Telecommunications	11 787 500
	56 952 500

4. Theft

Beach Road	50 439
Employees' property	10 088
Guests' property	20 175
	80 702

5. Money

Money	11 096
	11 096

6. Glass

Glass	100 877
	100 877

Strand Pavilion Share Block Limited
Annual Financial Statements for the year ended 31 December 2020

Insurance Schedule

7. Fidelity

Fidelity 50 439

8. All risk

82 TV's at R5,000 each 413 596

9. Accidental damage

Accidental damage 25 219

10. Public liability

Public liability 40 000 000

11. Motor

2011 Nissan NP200 69 300

12. Computers

Computer equipment 121 053
Increase cost of working 20 000
Reconstruction of data 60 000

13. Fires & Perils

Extentions 5 649 917

14. Directors' and officers' liability cover

Directors' liability 10 000 000

15. Personal accident cover

Calculated as a percentage of the employee's salary.