Airport Industria Investments Proprietary Limited
(Registration number 1998/016924/07)
Annual financial statements
for the year ended 30 June 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Property investment and all activities ancillary thereto
Director	SB Herring
Registered office	Suite 1 Ground floor 3 Melrose Boulevard Melrose Arch 2196
Business address	Suite 1 Ground floor 3 Melrose Boulevard Melrose Arch 2196
Postal address	PO Box 652737 Benmore 2010 Gauteng 2196
Holding company	Heriot Investments Pty Ltd incorporated in South Africa
Bankers	First National Bank Limited
Reviewers	BDO South Africa Incorporated Chartered Accountants (SA)
Company registration number	1998/016924/07
Preparer	These annual financial statements were prepared under the supervision of: Janys Ann Finn CA (SA)

Contents

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

Director's Responsibilities and Approval

The director is required in terms of the Companies Act of South Africa to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his 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 for SME's.

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

The director acknowledges that he is ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment. To enable the director to meet these responsibilities, the director sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The director is 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 director has reviewed the company's cash flow forecast for the period to 30 June 2024 and, in light of this review and the current financial position, he is satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page 5 to 21, which have been prepared on the going concern basis, were approved by the director on 15 August 2023 and were signed on his behalf by:

SB Herring

Director's Report

The director has pleasure in submitting his report on the annual financial statements of Airport Industria Investments Proprietary Limited for the period ended 30 June 2023.

1. Nature of business

Airport Industria Investments Proprietary Limited was incorporated in South Africa.The company aircraft, which was available for charter, was sold in August 2017 for $3,2 million.The company now has interests in the property holding industry.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for SME's and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior period.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Stated capital

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

4. Directorate

The director in office at the date of this report is as follows:

Director	Appointment date
SB Herring	15 January 2021

5. Holding company

The company's holding company is Heriot Investments Pty Ltd which holds 100% (2022: 100%) of the company's equity. On the 15th of January 2021 Heriot Investments Pty Ltd acquired 100% of the share capital from The Gusi Trust. Heriot Investments Pty Ltd is incorporated in South Africa but is managed and controlled in Cyprus.

6. Events after the reporting period

The director is not aware of any material events which occurred after the reporting date and up to the date of this report.

7. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The director believes that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The director has satisfied himself that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The director is not aware of any new material changes that may adversely impact the company. The director is 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.

8. Secretary

The company has no secretary and all secretarial affairs are attended to in house.

9. Change of year end

The entity changed its year end from December to June.

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note	30 June 2023 Unaudited	31 December 2022
Assets			
Non-Current Assets			
Investment property	2	9,000,000	9,402,952
Current Assets			
Loans to shareholders	4	12,322,869	13,132,869
Trade and other receivables	5	67,999	61,474
Cash and cash equivalents	6	7,144	5,287
		12,398,012	**13,199,630**
Non-current assets held for sale	3	-	14,332,500
Total Assets		**21,398,012**	**36,935,082**
Equity and Liabilities			
Equity			
Share capital	7	100	100
Retained income		19,265,713	20,907,742
		19,265,813	**20,907,842**
Liabilities			
Non-Current Liabilities			
Deferred tax	9	686,427	1,412,586
Current Liabilities			
Trade and other payables	10	19,973	134,654
Secured borrowings	8	980,168	14,480,000
Current tax payable		445,631	-
		1,445,772	**14,614,654**
Total Liabilities		**2,132,199**	**16,027,240**
Total Equity and Liabilities		**21,398,012**	**36,935,082**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	6 months ended 30 June 2023 Unaudited	12 months ended 31 December 2022
Fair value gains / (losses)	11	(456,764)	5,384,287
Other operating expenses		(855,876)	(228,962)
Operating (loss) profit	12	**(1,312,640)**	**5,155,325**
Investment income		2,806	405
Finance costs	13	(612,724)	(14,961)
(Loss) profit before taxation		**(1,922,558)**	**5,140,769**
Taxation	14	280,529	(772,437)
(Loss) profit for the year		**(1,642,029)**	**4,368,332**
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		**(1,642,029)**	**4,368,332**

Statement of Changes in Equity

Figures in Rand	Stated capital	Retained income	Total equity
Balance at 28 February 2021	**100**	**16,539,410**	**16,539,510**
Profit for the period	-	4,368,332	4,368,332
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**4,368,332**	**4,368,332**
Balance at 31 December 2021	**100**	**20,907,742**	**20,907,842**
Loss for the year	-	(1,642,029)	(1,642,029)
Other comprehensive income	-	-	-
Total comprehensive Loss for the year	**-**	**(1,642,029)**	**(1,642,029)**
Unaudited Balance at 30 June 2023	**100**	**19,265,713**	**19,265,813**
Note(s)	7		

Statement of Cash Flows

Figures in Rand	Note(s)	6 months ended 30 June 2023 Unaudited	12 months ended 31 December 2022
Cash flows from operating activities			
Cash generated from/(used in) operations	15	(977,081)	(270,729)
Interest income		2,806	405
Finance costs	13	(612,724)	(7,556)
Cash flows from non-current assets held for sale and disposal groups		14,332,500	-
Net cash from operating activities		**12,745,501**	**(277,880)**
Cash flows from investing activities			
Additions and capitalisation of interest to investment property	2	(53,812)	(1,398,184)
Proceeds from sales of investment property	2	-	2,850,000
Loans repaid by shareholders	4	810,000	1,325,000
Loans advanced to shareholders	4	-	(2,500,000)
Net cash from investing activities		**756,188**	**276,816**
Cash flows from financing activities			
Proceeds/(repayment) from secured borrowings	8	(13,499,832)	(83,012)
Total cash movement for the year		**1,857**	**(84,076)**
Cash at the beginning of the period		5,287	89,363
Cash at the end of the period	6	**7,144**	**5,287**

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 Standard for Small and Medium-sized entities and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of South Africa 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 convention, 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.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS for SME's 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

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

The annual financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

Accounting Policies

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 equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

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 profit 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 profit 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 profit 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 profit 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 profit or loss).

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

Loans receivable at amortised cost

Classification

Loans to group companies, loans to shareholders (note 4), loans to directors, managers and employees (note), and short term loan receivable are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans 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 these loans.

Recognition and measurement

Loans receivable are recognised when the company becomes a party to the contractual provisions of the loan. The loans 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 loan 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.

Accounting Policies

1.4 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 5).

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.

Trade and other payables

Classification

Trade and other payables (note 10), 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.

Cash and cash equivalents

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

1.5 Hedge accounting

At the inception of the hedge relationship, the company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the company actually hedges and the quantity of the hedging instrument that the company actually uses to hedge that quantity of hedged item.

Hedge accounting (continued)

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the company adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The company designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The company excludes the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The company only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option’s intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

1.6 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.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on 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 profit 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 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.

1.7 Leases

The company assesses whether a contract is, or contains a lease, at the inception of the contract.

Accounting Policies

1.7 Leases (continued)

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

1.8 Non-current assets (disposal groups) held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (or disposal groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell (distribute).

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as such.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

1.9 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.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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 profit 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.

Accounting Policies

1.9 Impairment of assets (continued)

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

1.10 Stated capital and equity

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.
The company's ordinary shares are classified as equity instruments.

1.11 Revenue from contracts with customers

The company recognises revenue from the following major sources:

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 it transfers control of a product or service to a customer.

Notes to the Annual Financial Statements

Figures in Rand	6 months ended. 30 June 2023	12 months ended 31 December 2022

2. Investment property

	2023			2022		
	Cost / Valuation	**Accumulated depreciation**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation**	**Carrying value**
Investment property	9,000,000	-	9,000,000	9,402,952	-	9,402,952

Reconciliation of investment property - 2023

	Opening balance	Additions resulting from capitalised subsequent expenditure	Fair value adjustments	Total
Investment property	9,402,952	53,812	(456,764)	9,000,000

Reconciliation of investment property - 2022

	Opening balance	Additions resulting from capitalised subsequent expenditure	Disposals	Classified as held for sale	Capitalised interest	Fair value adjustments	Total
Investment property	19,680,000	348,069	(2,850,000)	(14,332,500)	1,173,096	5,384,287	9,402,952

	2023	2022
Fair value of investment properties	**9,000,000**	**9,402,952**
Summary of cash flow movements		
Capital expenditure - cash	53,812	348,069
Capitalised interest	-	1,173,096
Non-cash portion of capitalised interest	-	(122,981)
	53,812	**1,398,184**

Pledged as security

Carrying value of assets pledged as security:

	2023	2022
Cape Town Airport land	9,000,000	23,735,452

The property is pledged as security as set out in note 8.

Notes to the Annual Financial Statements

Figures in Rand	6 months ended 30 June 2023	12 months ended 31 December 2022

2. Investment property (continued)

Details of property

Knysna land (Property 1)
The property comprises ERF 13316 Knysna with buildings thereon

- Purchase price: 1 December 2005	-	1,022,371
- Capitalised expenditure	-	125,284
- Fair value reserve	-	1,702,345
- Disposals	-	(2,850,000)
	-	**-**

Cape Town Airport land (Property 2)
The property comprises of the following Erven:
- 177263, 177264, 177268, 177269 and 177270 City of Cape Town

- Purchase price: 1 December 2005	5,822,098	14,696,463
- Capitalised expenditure	361,429	770,022
- Capitalised interest	685,040	1,729,216
- Fair value reserve	2,131,433	6,539,751
- Classified as held for sale	-	(14,332,500)
	9,000,000	**9,402,952**

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

3. Non-current assets held for sale

The landholding consisting of erven 177268, 177269 and 177270 (Note 2) was sold on 29 May 2023 for R14 332 500.

Non-current assets held for sale

Investment property	-	14,332,500

Erven held for sale	Purchase price	Capitalised expenditure	Capitalised interest	Fair value adjustments	Total
ERF 177268	2,725,238	144,464	320,657	1,211,023	4,401,382
ERF 177269	3,096,861	162,753	364,383	1,377,573	5,001,570
ERF 177270	3,052,266	155,187	359,136	1,362,959	4,929,548
	8,874,365	**462,404**	**1,044,176**	**3,951,555**	**14,332,500**

4. Loans to shareholders

Heriot Investments Pty Ltd	12,322,869	13,132,869

Loan is interest free, unsecured and is repayable on demand.

Summary of movements in loans to shareholders

Opening balance	13,132,869	13,586,399
Cash advanced	-	2,500,000
Cash repaid	(810,000)	(1,325,000)
Offset against tax paid	-	(1,621,125)
Offset against interest and penalties paid to Sars	-	(7,405)
	12,322,869	**13,132,869**

Notes to the Annual Financial Statements

Figures in Rand	6 months ended 30 June 2023	12 months ended 31 December 2022
5. Trade and other receivables		
Non-financial instruments:		
Value added taxation	67,999	61,474
Total trade and other receivables	**67,999**	**61,474**
Split between non-current and current portions		
Current assets	67,999	61,474
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	7,144	5,287
7. Share capital		
Authorised		
1000 Ordinary shares of R1 each	1,000	1,000
Issued		
100 Ordinary shares	100	100
8. Secured borrowings		
Held at amortised cost		
Secured		
Loan from Investec Bank Limited	980,168	14,480,000
Split between non-current and current portions		
Current liabilities	980,168	14,480,000

The loan bears interest at a rate of prime less 0.5%. The loan is secured against property 2 (refer to note 2 for further details).

Notes to the Annual Financial Statements

Figures in Rand		6 months ended 30 June 2023	12 months ended 31 December 2022

9. Deferred tax

Deferred tax liability

Investment property section (s13quin commercial allowances)		(686,427)	(1,412,586)

Deferred tax asset

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability		(686,427)	(1,412,586)

Reconciliation of deferred tax asset / (liability)

At beginning of year		(1,412,586)	(640,149)
Reduction due to rate change		-	9,244
Reversal of deferred tax on sale of non - current assets held for sale		1,024,166	-
Taxable / (deductible) temporary difference movement investment property at fair value		(298,007)	(781,681)
		(686,427)	**(1,412,586)**

10. Trade and other payables

Financial instruments:			
Accrued expenses		19,973	11,673
Interest accrual - secured borrowings		-	122,981
		19,973	**134,654**

Summary of cash flow movements trade and other payables			
Opening balance		(134,654)	-
Closing balance		19,973	134,654
Interest accrual - non-cash movement		-	(122,981)
		(114,681)	**11,673**

11. Other operating gains (losses)

Fair value gains (losses)			
Investment property	2	(456,764)	5,384,287

Notes to the Annual Financial Statements

Figures in Rand	6 months ended 30 June 2023	12 months ended 31 December 2022

12. Operating profit (loss)

Operating (loss) profit for the year is stated after charging (crediting) the following, amongst others:

Expenses by nature

Accounting and other professional fees	28,735	43,955
Bank charges	1,007	1,925
Property and other expenses	826,134	183,082
	855,876	**228,962**

13. Finance costs

Bank overdraft	106	151
Secured borrowings	612,618	1,173,096
Interest and penalties - SARS	-	14,810
Total finance costs	**612,724**	**1,188,057**
Less: Capitalised to qualifying assets	-	(1,173,096)
Total finance costs expensed	**612,724**	**14,961**

Finance costs cash flow summary		
Bank and interest paid	612,724	7,556
Interest due to SARS - non cash	-	7,405
	612,724	**14,961**

Notes to the Annual Financial Statements

Figures in Rand	6 months ended 30 June 2023	12 months ended 31 December 2022
14. Taxation		
Major components of the tax expense (income)		
Current		
Local income tax - current period	445,631	-
Deferred		
Originating and reversing temporary differences	(726,160)	772,437
	(280,529)	**772,437**
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	(1,922,558)	5,140,769
Tax at the applicable tax rate of 27% (2022: 28%)	(519,091)	1,439,415
Tax effect of adjustments on taxable income		
Non deductible expenses	-	64,038
Fair value adjustments	-	(1,507,600)
SARS interest non-deductible	-	4,147
Deferred tax for fair value movements on investment property	298,007	772,437
Capital gain on sale of property	445,631	-
Reversal of deferred tax raised on property sold	(1,024,167)	-
Disallowed loss	519,091	-
	(280,529)	**772,437**
15. Cash used in operations		
(Loss) / Profit before taxation	(1,922,558)	5,140,769
Adjustments for non-cash items:		
Fair value losses (gains)	456,764	(5,384,287)
Non-cash - interest and penalties due to SARS	-	7,404
Adjust for items which are presented separately:		
Interest income	(2,806)	(405)
Finance costs	612,724	7,556
Changes in working capital:		
Trade and other receivables	(6,524)	(53,439)
Trade and other payables	(114,681)	11,673
	(977,081)	**(270,729)**
16. Tax paid		
Balance at beginning of the period	-	(1,621,126)
Current tax recognised in profit or loss	(445,631)	-
Paid by shareholder on behalf of company	-	1,621,126
Taxation owing at the end of the year	445,631	-
	-	**-**

Notes to the Annual Financial Statements

Figures in Rand	6 months ended 30 June 2023	12 months ended 31 December 2022

17. Related parties

Relationships

Ultimate holding company	The Gusi Trust
Holding company	Heriot Investments Pty Ltd

Related party balances

Loans to shareholder		
Heriot Investments (Proprietary) Limited	12,322,869	13,132,869

18. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The director believes that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The director has satisfied himself that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The director is not aware of any new material changes that may adversely impact the company. The director is 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.

19. Events after the reporting period

There were no material events which occured after the reporting date

20. Comparative figures

The December 2022 reporting period is 12 months while the June 2023 period is 6 months, therefore comparative amounts are not comparable to the current balances.