

MJEJANE 21 (PROPRIETARY) LIMITED
(Registration number 2007/027060/07)
Annual financial statements
for the year ended 28 February 2011

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Mjejane 21 (Proprietary) Limited

(Registration number 2007/027060/07)

Annual Financial Statements for the year ended 28 February 2011

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Property investment and all associated activities
Director	Klaus Herbert Borger
Registered office	1 Waterford Mews Century Boulevard Century City 7441
Postal address	Constantiavale Cellar 8 Augusta's Way Constantia 7806
Auditors	Cecil Kilpin & Co. Registered Auditors
Company registration number	2007/027060/07
Tax reference number	9551/941/15/7

DRAFT

Mjejane 21 (Proprietary) Limited

(Registration number 2007/027060/07)

Annual Financial Statements for the year ended 28 February 2011

Index

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

Index	Page
Independent Auditors' Report	3
Director's Responsibilities and Approval	4
Director's Report	5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Accounting Policies	10 - 12
Notes to the Annual Financial Statements	13 - 15
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	16

DRAFT



Cecil Kilpin & Co.

CHARTERED ACCOUNTANTS (SA)

Independent Auditors' Report

To the shareholder of Mjejane 21 (Proprietary) Limited

We have audited the annual financial statements of Mjejane 21 (Proprietary) Limited, which comprise the statement of financial position as at 28 February 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the director's report, as set out on pages 5 to 15.

Director's Responsibility for the Annual Financial Statements

The company's director is responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Mjejane 21 (Proprietary) Limited as at 28 February 2011, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa.

Supplementary Information

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on page 16 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Accounting and Secretarial Duties

Without qualifying our opinion, we draw attention to the fact that with the written consent of the shareholder, we have performed certain accounting and secretarial duties.

Cecil Kilpin & Co.
Registered Auditors
Per partner: M Branders

Century City
Date: _____

Mjejane 21 (Proprietary) Limited

(Registration number 2007/027060/07)

Annual Financial Statements for the year ended 28 February 2011

Director's Responsibilities and Approval

The director is required by 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 the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 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 external auditors are responsible for independently reviewing 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 page 3.

The annual financial statements set out on pages 5 to 16, which have been prepared on the going concern basis, were approved and signed by:

Klaus Herbert Borger

Cape Town

Date: _____

Mjejane 21 (Proprietary) Limited

(Registration number 2007/027060/07)

Annual Financial Statements for the year ended 28 February 2011

Director's Report

The director submits his report for the year ended 28 February 2011.

1. Review of activities

Main business and operations

The company is engaged in property investment and all associated activities and operates principally 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 loss of the company was R 317,589 (2010: loss R 247,894), after taxation of R 508,289 (2010: R -).

2. Events after the reporting period

The director is not aware of any material matter or circumstance arising since the end of the financial year and the date of this report.

3. Authorised and issued share capital

During the financial year under review 1180 ordinary shares were issued of R1 each.

4. Dividends

No dividends were declared or paid to shareholder during the year.

5. Director

The director of the company during the year and to the date of this report is as follows:

Name

Klaus Herbert Borger

6. Secretary

The company had no secretary during the year.

7. Auditors

Cecil Kilpin & Co. will continue in office in accordance with section 270(2) of the Companies Act.

Mjejane 21 (Proprietary) Limited

(Registration number 2007/027060/07)

Annual Financial Statements for the year ended 28 February 2011

Statement of Financial Position

	Note(s)	2011 R	2010 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	5,396,282	2,529,825
Current Assets			
Trade and other receivables	3	265,060	501,824
Cash and cash equivalents	4	2,077	73,674
		267,137	575,498
Total Assets		5,663,419	3,105,323
Equity and Liabilities			
Equity			
Share capital	5	1,300	120
Accumulated loss		(607,582)	(289,993)
		(606,282)	(289,873)
Liabilities			
Non-Current Liabilities			
Loans from shareholders	6	5,756,741	3,380,730
Current Liabilities			
Trade and other payables	7	512,960	14,466
Total Liabilities		6,269,701	3,395,196
Total Equity and Liabilities		5,663,419	3,105,323

DRAFT

Mjejane 21 (Proprietary) Limited

(Registration number 2007/027060/07)

Annual Financial Statements for the year ended 28 February 2011

Statement of Comprehensive Income

	Note(s)	2011 R	2010 R
Other income		62	32,413
Operating expenses		(180,465)	(265,352)
Operating loss		(180,403)	(232,939)
Finance costs		(137,186)	(14,955)
Loss for the year		(317,589)	(247,894)
Other comprehensive income		-	-
Total comprehensive loss for the year		(317,589)	(247,894)

DRAFT

Mjejane 21 (Proprietary) Limited

(Registration number 2007/027060/07)

Annual Financial Statements for the year ended 28 February 2011

Statement of Changes in Equity

	Share capital	Accumulated loss	Total equity
	R	R	R
Balance at 01 March 2009	120	(42,099)	(41,979)
Changes in equity			
Total comprehensive loss for the year	-	(247,894)	(247,894)
Total changes	-	(247,894)	(247,894)
Balance at 01 March 2010	120	(289,993)	(289,873)
Changes in equity			
Total comprehensive loss for the year	-	(317,589)	(317,589)
Issue of shares	1,180	-	1,180
Total changes	1,180	(317,589)	(316,409)
Balance at 28 February 2011	1,300	(607,582)	(606,282)
Note(s)	5		

DRAFT

Mjejane 21 (Proprietary) Limited

(Registration number 2007/027060/07)

Annual Financial Statements for the year ended 28 February 2011

Statement of Cash Flows

	Note(s)	2011 R	2010 R
Cash flows from operating activities			
Cash generated from (used in) operations	10	554,855	(705,951)
Finance costs		(137,186)	(14,955)
Net cash from operating activities		417,669	(720,906)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(2,079,825)
Cash flows from financing activities			
Proceeds on share issue	5	1,180	-
Advancet of shareholders loans		2,376,011	2,873,405
Net cash from financing activities		2,377,191	2,873,405
Total cash movement for the year		2,794,860	72,674
Cash at the beginning of the year		73,674	1,000
Total cash at end of the year	4	2,868,534	73,674

DRAFT

Mjejane 21 (Proprietary) Limited

(Registration number 2007/027060/07)

Annual Financial Statements for the year ended 28 February 2011

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Financial assets measured at cost and amortised cost

The company assesses its financial assets measured at cost and amortised cost for impairment at each reporting period date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for financial assets measured at cost and amortised cost is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting period that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is only tested for impairment when there is an indicator of impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use.

Residual values and useful lives of property, plant and equipment

The residual values and useful lives of assets are based on management estimates

1.2 Property, plant and equipment

Property, plant and equipment are tangible items that:

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

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

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Mjejane 21 (Proprietary) Limited

(Registration number 2007/027060/07)

Annual Financial Statements for the year ended 28 February 2011

Accounting Policies

1.2 Property, plant and equipment (continued)

The residual value, depreciation method and the useful life of each asset are reviewed at each annual reporting period if there are indicators present that there is a change from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.3 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

1.4 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.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised for all deductible temporary differences.

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 reporting period date.

Tax expenses

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 to equity.

Mjejane 21 (Proprietary) Limited

(Registration number 2007/027060/07)

Annual Financial Statements for the year ended 28 February 2011

Accounting Policies

1.5 Impairment of assets

The company assesses at each reporting period date 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.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.6 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.

1.7 Provisions and contingencies

Provisions are recognised when:

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

Contingent assets and contingent liabilities are not recognised.

1.8 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.9 Borrowing costs

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

Mjejane 21 (Proprietary) Limited

(Registration number 2007/027060/07)

Annual Financial Statements for the year ended 28 February 2011

Notes to the Annual Financial Statements

	2011			2010		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
2. Property, plant and equipment						
Land	2,529,825	-	2,529,825	2,529,825	-	2,529,825
Buildings	2,866,457	-	2,866,457	-	-	-
Total	5,396,282	-	5,396,282	2,529,825	-	2,529,825
Reconciliation of property, plant and equipment - 2011						
	Opening balance	Transfers	Total			
Land	2,529,825	-	2,529,825			
Buildings	-	2,866,457	2,866,457			
	2,529,825	2,866,457	5,396,282			
Reconciliation of property, plant and equipment - 2010						
	Opening balance	Additions	Total			
Land	450,000	2,079,825	2,529,825			
Details of properties						
Portion 21 of Erf 1 Luggedlane Tourism Estate						
- Purchase price: Land		2,529,825	2,529,825			
- Additions since purchase - Buildings		2,866,457	-			
		5,396,282	2,529,825			
3. Trade and other receivables						
Commission paid in advance		213,997	227,497			
VAT		51,063	274,327			
		265,060	501,824			
4. Cash and cash equivalents						
Cash and cash equivalents consist of:						
Bank balances		899	73,674			
Other cash and cash equivalents		1,178	-			
		2,077	73,674			

DRAFT

Mjejane 21 (Proprietary) Limited

(Registration number 2007/027060/07)

Annual Financial Statements for the year ended 28 February 2011

Notes to the Annual Financial Statements

	2011 R	2010 R
5. Share capital		
Authorised		
1,300 Ordinary shares of R1 each	1,300	1,000
Issued		
1300 Ordinary shares of R1 each	1,300	120
During the year under review 1180 ordinary shares were issued at R1 each.		
6. Loans to (from) shareholders		
The Burgherr Trust	(3,676,120)	(2,930,730)
The loan is unsecured, bears interest at market related rate and is repayable no sooner than the next twelve months.		
E. Steenhuisen	(450,000)	(450,000)
S Rees-Gibbs	(631,195)	-
RE Fox	(333,142)	-
RV Longe	(333,142)	-
H Brown	(333,142)	-
The loans are unsecured, bears no interest and is repayable no sooner than the next twelve months.		
	(5,756,741)	(3,380,730)
7. Trade and other payables		
Trade payables	512,960	14,466
8. Taxation		
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting loss	(317,589)	(247,894)
Tax at the applicable tax rate of 28% (2010: 28%)	(88,925)	(69,410)
Tax effect of adjustments on taxable income		
Tax losses carried forward	88,925	69,410
	-	-
9. Auditors' remuneration		
Tax and secretarial services	3,230	2,100

DRAFT

Mjejane 21 (Proprietary) Limited

(Registration number 2007/027060/07)

Annual Financial Statements for the year ended 28 February 2011

Notes to the Annual Financial Statements

	2011 R	2010 R
10. Cash generated from (used in) operations		
Loss before taxation	(317,589)	(247,894)
Adjustments for:		
Finance costs	137,186	14,955
Changes in working capital:		
Trade and other receivables	236,764	(448,150)
Trade and other payables	498,494	(24,862)
	554,855	(705,951)
11. Related parties		
Shareholder		
	The Burgherr Trust	
	E Steenhuisen	
	The Kathleen Trust	
	Helen Brown	
	Ronald Edward Fox	
	Sean Rees-Gibbs	
	Richard vernon Longe	
Related party balances		
Loan accounts - Owing (to) by related parties		
The Burgherr Trust	(3,676,120)	(2,930,730)
E Steenhuisen	(450,000)	(450,000)
12. Directors' emoluments		
No emoluments were paid to the director during the year.		

DRAFT

Mjejane 21 (Proprietary) Limited

(Registration number 2007/027060/07)

Annual Financial Statements for the year ended 28 February 2011

Detailed Income Statement

	Note(s)	2011 R	2010 R
Other income			
Interest received		62	32,413
Operating expenses			
Accounting fees		10,000	8,100
Advertising		19,239	69,288
Architectural services		-	73,120
Auditors' remuneration	9	3,230	2,100
Bank charges		990	848
Daily subsistence		12,880	14,280
Engineering services		-	588
Entertainment		-	13,915
Fuel		12,561	15,991
Legal expenses		-	17,143
Levies		37,085	-
Low value fixed assets		491	-
Motor vehicle expenses		8,616	4,986
Postage		489	551
Printing and stationery		15,502	3,286
Rehabilitation fees		10,000	-
Repairs and maintenance		145	-
Sundry expenses		-	526
Telephone and fax		392	-
Travel - local - flights and car hire		45,606	40,630
Utilities		3,239	-
		180,465	265,352
Operating loss		(180,403)	(232,939)
Finance costs		137,186	14,955
Loss for the year		(317,589)	(247,894)

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