

ELGIN FRUITGROWERS PROPRIETARY LIMITED
(Registration number 2007/012074/07)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2020

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The management of properties, equities, movables and other related assets and any related activities
Directors	PD Kilpin KM Bradley DGA Mudge AJM Smith G Brown
Registered office	Main Road Grabouw 7160
Business address	Main Road Grabouw 7160
Postal address	PO Box 650 Grabouw 7160
Auditors	TGS South Africa Incorporated Chartered Accountants (S.A.) Registered Auditors
Secretary	G Brown
Company registration number	2007/012074/07
Tax reference number	9200121714
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: 1.2.3. Consulting Proprietary Limited Represented by: R Eales Professional Accountant (S.A.)
Issued	20 January 2021

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

INDEX

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

	Page
Directors' Responsibilities and Approval	3
Directors' Report	4 - 5
Independent Auditor's Report	6 - 7
Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Accounting Policies	12 - 15
Notes to the Annual Financial Statements	16 - 23
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Income Statement (Operational)	24

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act 71 of 2008, 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 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 judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors set 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 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 to 28 February 2021 and, in the light of this review and the current financial position, they are satisfied that the company has or has 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 6 to 7.

The annual financial statements set out on pages 8 to 24, which have been prepared on the going concern basis, were approved by the board of directors on 20 January 2021 and were signed on its behalf by:



PD Kilpin



KM Bradley

ELGIN FRUITGROWERS PROPRIETARY LIMITED

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

DIRECTORS' REPORT

The directors submit their report on the annual financial statements of Elgin Fruitgrowers Proprietary Limited for the year ended 29 February 2020.

1. Nature of business

Elgin Fruitgrowers Proprietary Limited is a property holding company incorporated in South Africa. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

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

3. Share capital

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

4. Dividends

The board of directors do not recommend the declaration of a dividend for the year.

5. Directors

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

Names

PD Kilpin	Chairperson
KM Bradley	Vice chairperson
DGA Mudge	
AJM Smith	
G Brown	

6. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

7. Special resolution

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 period covered by this report.

8. Events after the reporting period

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

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

DIRECTORS' REPORT

9. 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 directors anticipate the health risk of the COVID-19 virus and the declared South African national disaster may have a negative impact on future income of the company, and the existence of this material uncertainty may cast significant doubt on the company's ability to continue as a going concern. However the appropriateness of the going concern assumption depends on assessments of the future economic environment and the company's future prospects and performances which are unknown. The COVID-19 pandemic is a "black-swan" event which is anticipated to create challenges for humanity and for the global economy, and at the date of this report its effects are subject to levels of uncertainty out of the directors control.

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 directors continue to procure funding for the ongoing operations for the company.

Although management at this stage cannot predict the unknown factors or all possible future implications for the company they concluded, due to the strength of its financial resources and funding secured, the company will continue to operate as a going concern.

10. Auditors

TGS South Africa Incorporated continued in office as auditors for the company for 2020.

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Elgin Fruitgrowers Proprietary Limited

Opinion

We have audited the annual financial statements of Elgin Fruitgrowers Proprietary Limited set out on pages 8 to 23, which comprise the statement of financial position as at 29 February 2020, and the statement of 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 Elgin Fruitgrowers Proprietary Limited as at 29 February 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 7 of the Director's Report and note 22 in the annual financial statements, which indicates that management anticipate the health risk of the COVID-19 virus and the declared South African national disaster to have a negative impact on future income. The events and conditions stated in the note indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Uncertainties related to the potential effects of COVID-19 are relevant to understanding our audit of the annual financial statements. All audits assess and challenge the reasonableness of estimates made by the company, the related disclosures and the appropriateness of the going concern assumption of the annual financial statements. The appropriateness of the going concern assumption depends on assessments of the future economic environment and the company's future prospects and performance. The COVID-19 pandemic is a "black-swan" event which is anticipated to create challenges for humanity and for the global economy, and at the date of this report its effects are subject to levels of uncertainty. An audit cannot predict the unknown factors or all possible future implications for the company and this is particularly the case in relation to COVID-19.

Emphasis of matter

Without qualifying our opinion, we draw attention to the fact that the company has not obtained an independent valuation of the fair value of the post retirement medical benefit obligation since February 2002.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Elgin Fruitgrowers Proprietary Limited annual financial statements for the year ended 29 February 2020", which includes the Directors' Report as required by the Companies Act 71 of 2008 and the Income Statement (Operational), 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.

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 on the other information obtained prior to the date of this auditor's report, 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.

INDEPENDENT AUDITOR'S REPORT

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 International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, 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.


TGS South Africa Incorporated
BBR van der Grijp
Director
Chartered Accountants (S.A.)
Registered Auditors

20 January 2021
Strand



ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

STATEMENT OF FINANCIAL POSITION AS AT 29 FEBRUARY 2020

Figures in Rand

	Notes	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	2	421,270	3,717
Investment property at fair value	3	38,500,000	38,500,000
Other financial assets	4	1,446	1,446
Deferred tax	5	184,447	184,447
		39,107,163	38,689,610
Current Assets			
Trade and other receivables	6	889,000	952,063
Cash and cash equivalents	7	16,908	27,056
		905,908	979,119
Total Assets		40,013,071	39,668,729
Equity and Liabilities			
Equity			
Share capital	8	8,524,157	8,524,157
Reserves		15,777,288	15,777,288
Retained income		2,814,929	2,403,759
		27,116,374	26,705,204
Liabilities			
Non-Current Liabilities			
Other financial liabilities	9	3,828,244	4,336,886
Finance lease liabilities	10	328,129	-
Deferred tax	5	4,554,269	4,554,269
Post-retirement medical benefits	11	658,736	658,736
		9,369,378	9,549,891
Current Liabilities			
Trade and other payables	12	1,264,899	2,024,256
Other financial liabilities	9	1,228,981	1,229,956
Finance lease liabilities	10	133,230	-
Current tax payable		29,967	19,675
Bank overdraft	7	870,242	139,747
		3,527,319	3,413,634
Total Liabilities		12,896,697	12,963,525
Total Equity and Liabilities		40,013,071	39,668,729

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand

	Notes	2020	2019
Revenue		5,373,357	4,888,818
Other income		225,821	52,727
Operating expenses		(4,507,311)	(4,348,449)
Operating profit	13	1,091,867	593,096
Investment revenue	14	130	124
Fair value adjustments - property	15	-	3,415,000
Finance costs	16	(620,910)	(577,316)
Profit before taxation		471,087	3,430,904
Taxation	17	(59,917)	(790,535)
Profit for the year		411,170	2,640,369

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

STATEMENT OF CHANGES IN EQUITY

	Share capital	Reserve for fair value of property	Retained income	Total equity
Balance at 01 March 2018	8,404,157	13,127,248	2,413,430	23,944,835
Profit for the year	-	-	2,640,369	2,640,369
Transfer to fair value reserve	-	2,650,040	(2,650,040)	-
Issue of shares	120,000	-	-	120,000
Balance at 01 March 2019	8,524,157	15,777,288	2,403,759	26,705,204
Profit for the year	-	-	411,170	411,170
Balance at 29 February 2020	8,524,157	15,777,288	2,814,929	27,116,374
Note	8			

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

STATEMENT OF CASH FLOWS

Figures in Rand

	Notes	2020	2019
Cash flows from operating activities			
Cash generated from operations	19	406,121	972,535
Interest income		130	124
Finance costs		(620,910)	(577,316)
Tax paid		(49,625)	(11,190)
Net cash from operating activities		(264,284)	384,153
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(548,101)	-
Sale of property, plant and equipment	2	120,000	-
Net cash from investing activities		(428,101)	-
Cash flows from financing activities			
Proceeds on share issue	8	-	120,000
Movement of other financial liabilities		(509,617)	(250,765)
Finance lease payments		461,359	-
Net cash from financing activities		(48,258)	(130,765)
Total cash movement for the year		(740,643)	253,388
Cash at the beginning of the year		(112,691)	(366,079)
Total cash at end of the year	7	(853,334)	(112,691)

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

ACCOUNTING POLICIES

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. 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 judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

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 annual financial statements.

Key sources of estimation uncertainty

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 11 - Provisions.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

1.2 Investment property

Investment property is land and buildings held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business.

Investment property is initially measured at cost and subsequently at fair value with changes in fair value recognised in profit or loss. If the fair value of investment property cannot be measured reliably without undue cost or effort, then it is measured at cost less accumulated depreciation and accumulated impairment.

The cost of investment property comprises its purchase price and any directly attributable costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs include costs incurred initially to acquire or construct an investment property 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 investment property, the carrying amount of the replaced item is derecognised.

The fair value is determined annually by an external valuator derived from current market prices of comparable real estate.

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

ACCOUNTING POLICIES

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of 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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	5 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years

1.4 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at fair value

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

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

ACCOUNTING POLICIES

1.5 Tax (continued)

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 to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

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

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Finance leases – lessee

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments.

The lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the effective interest method.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

1.7 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

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, 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.

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

ACCOUNTING POLICIES

1.8 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 leave pay 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.

1.9 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting 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.

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

Provisions are not recognised for future operating losses.

1.10 Revenue

Revenue is recognised to the extent that the company has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

1.11 Borrowing costs

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

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2020

2019

2. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	37,841	(37,841)	-	37,841	(37,841)	-
Furniture and fixtures	14,867	(14,757)	110	14,867	(11,151)	3,716
Motor vehicles	531,449	(110,289)	421,160	354,071	(354,070)	1
Total	584,157	(162,887)	421,270	406,779	(403,062)	3,717

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	3,716	-	-	(3,606)	110
Motor vehicles	1	548,101	(21,652)	(105,290)	421,160
	3,717	548,101	(21,652)	(108,896)	421,270

Reconciliation of property, plant and equipment - 2019

	Opening balance	Depreciation	Closing balance
Furniture and fixtures	7,323	(3,607)	3,716
Motor vehicles	1	-	1
	7,324	(3,607)	3,717

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings. Refer to note 10:

Motor vehicles	421,160	-
----------------	---------	---

3. Investment property at fair value

Reconciliation of investment property at fair value - 2020

	Opening balance	Total
Investment property	38,500,000	38,500,000

Reconciliation of investment property at fair value - 2019

	Opening balance	Fair value adjustments	Total
Investment property	35,085,000	3,415,000	38,500,000

Investment property at fair value encumbered as security

The following investment property held at fair value have been encumbered as security for the secured long-term borrowings. Refer to note 9:

Investment property	38,500,000	38,500,000
---------------------	------------	------------

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2020

2019

3. Investment property at fair value (continued)

Details of property

Property 1

Being portion 58 of the Palmiet River Farm number 319 and the remainder of Erf 684, situated in the municipal district of Grabouw, in the division of Caledon, Western Cape.

- Registration date: 21 January 1957 and 10 June 1977
- Fair value adjustments - 28 February 2018
- Improvements

7,626,000	7,626,000
16,756,556	16,756,556
417,444	417,444

24,800,000	24,800,000
-------------------	-------------------

Property 2

Being remainders of portion 18 of the Palmiet River Farm number 319, situated in the municipal district of Grabouw, in the division of Caledon, Western Cape.

- Purchase price: 29 April 2008
- Fair value adjustment - 28 February 2019

1,800,000	1,800,000
700,000	700,000

2,500,000	2,500,000
------------------	------------------

Property 3

Being Erf 1337 situated in the municipal of Grabouw, in the division of Caledon, Western Cape, measuring 864 square meters.

- Purchase price: 16 August 2008
- Fair value adjustment - 28 February 2019

525,000	525,000
1,475,000	1,475,000

2,000,000	2,000,000
------------------	------------------

Property 4

Being Erf 1257 situated in the municipal district of Grabouw, in the division of Caledon, Western Cape, measuring 3 690 square meters.

- Purchase price: 30 November 2010
- Fair value adjustment - 28 February 2019

4,300,000	4,300,000
1,100,000	1,100,000

5,400,000	5,400,000
------------------	------------------

Property 5

Being Erf 5140 situated in the municipal district of Grabouw, in the division of Caledon, Western Cape, measuring 3 077 square meters.

- Purchase price: 26 March 2015
- Fair value adjustment - 28 February 2019

3,500,000	3,500,000
300,000	300,000

3,800,000	3,800,000
------------------	------------------

Details of valuation

The valuation of Farm 319 Portion 58 was performed on 28 February 2018 and the valuation of all the other properties, except for Farm 319 Portion 18 were performed on 28 February 2019 by an independent valuer, Mr W Jooste (Professional Valuer, reg no. 2628), of Proval Valuations CC. The valuation of Farm 319 Portion 18 was performed by M Halfpenny (Property Consultant) of Pam Golding Properties (Pty) Ltd. Proval Valuations CC and Pam Golding Properties (Pty) Ltd are not connected to the company and have recent experience in location and category of the investment property being valued. The valuation were based on the open market value of property.

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2020	2019
4. Other financial assets		
At fair value		
Unlisted shares	1,446	1,446
Villiersdorp Kooperasie Limited - 723 Ordinary shares at R2 each		
Non-current assets		
At fair value	1,446	1,446
5. Deferred tax		
Deferred tax liability	(4,554,269)	(4,554,269)
Deferred tax asset	184,447	184,447
Total net deferred tax liability	(4,369,822)	(4,369,822)
The major components of the deferred tax balance are as follows:		
Deferred tax liability		
Revaluation of investment property and share investments	(4,554,269)	(4,554,269)
Deferred tax asset		
Revaluation of defined benefit plan	184,447	184,447
Reconciliation of deferred tax asset/(liability)		
At beginning of year	(4,369,822)	(3,604,862)
Recognised in profit or loss:		
Movement in temporary differences on investment properties	-	(764,960)
At end of year	(4,369,822)	(4,369,822)
6. Trade and other receivables		
Trade receivables	842,155	906,792
Deposits	46,845	45,271
	889,000	952,063
7. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	12,808	23,087
Short-term deposits	4,100	3,969
Bank overdraft	(870,242)	(139,747)
	(853,334)	(112,691)
Current assets	16,908	27,056
Current liabilities	(870,242)	(139,747)
	(853,334)	(112,691)

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2020	2019
8. Share capital		
Authorised		
200 000 000 Ordinary shares of 10c each	20,000,000	20,000,000
Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
Issued		
85 241 569 Ordinary shares of 10c each (2019: 85 241 569 Ordinary shares)	8,524,157	8,524,157
9. Other financial liabilities		
At fair value		
Loans from directors	709,818	738,489
The loans are unsecured, bears interest at 9.25% (2019: 9.25%) per annum and have no terms of repayment.		
At amortised cost		
ABSA Bank Limited - Mortgage bond	1,155,562	1,211,785
The mortgage bond is secured over Erf 319 (refer to note 3) and bears interest at the prime rate less 0.35% per annum, repayable in monthly installments of R9 215, with the final installment due in October 2029.		
ABSA Bank Limited - Medium Term Loan 1	2,253,527	2,552,793
The medium term loan is secured over Erf 1257 and Erf 1337 (refer to note 3) and bears interest at the prime rate less 0.25% per annum, repayable in monthly installments of R44 751, with the final installment due in February 2025.		
ABSA Bank Limited - Medium Term Loan 2	938,318	1,063,775
The medium term loan is secured over Erf 5140 (refer to note 3) and bears interest at the prime rate per annum, repayable in monthly installments of R18 733, with the final installment due in August 2025		
	4,347,407	4,828,353
	5,057,225	5,566,842
Non-current liabilities		
At amortised cost	3,828,244	4,336,886
Current liabilities		
At fair value	709,818	738,489
At amortised cost	519,163	491,467
	1,228,981	1,229,956
	5,057,225	5,566,842

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2020 **2019**

10. Finance lease liabilities

Minimum lease payments which fall due

- within one year	132,402	-
- in second to fifth year inclusive	548,930	-

Less: future finance charges

681,332	-
(219,973)	-

Present value of minimum lease payments

461,359	-
----------------	----------

Non-current liabilities

328,129	-
---------	---

Current liabilities

133,230	-
---------	---

461,359	-
----------------	----------

It is company policy to lease certain motor vehicles and equipment under finance leases.

The average lease term is 5 years and the average effective borrowing rate is 11%.

The company's obligations under finance leases are secured by the leased assets. Refer to note 2.

11. Post-retirement medical benefits

Reconciliation of post-retirement medical benefits - 2020

	Opening balance	Total
Provision for employee post-retirement medical benefits	658,736	658,736

Reconciliation of post-retirement medical benefits - 2019

	Opening balance	Total
Provision for employee post-retirement medical benefits	658,736	658,736

All current year retirement benefits due to past employees were expensed during the current financial year.

12. Trade and other payables

Trade payables	1,228,540	1,716,969
Amounts received in advance	-	185,074
VAT	32,859	118,713
Deposits received	3,500	3,500
	1,264,899	2,024,256

13. Operating profit

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

Property, plant and equipment	98,348	-
Employee costs	1,583,746	1,823,825

14. Investment revenue

Interest revenue

Bank	130	124
------	-----	-----

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2020	2019
15. Fair value adjustments		
Investment property (fair value model)	-	3,415,000
16. Finance costs		
Non-current borrowings	576,294	539,013
Interest paid on directors loans	44,616	38,303
	620,910	577,316
17. Taxation		
Major components of the tax expense		
Current taxation		
South African normal tax - year	59,917	25,463
South African normal tax - prior period (over) under provision	-	112
	59,917	25,575
Deferred taxation		
South African deferred tax - current year	-	764,960
	59,917	790,535
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	471,087	3,430,904
Tax at the applicable tax rate of 28% (2019: 28%)	131,904	960,653
Non-deductible expenses		
Penalties and interest	2,884	1,127
	2,884	1,127
Other		
Fair value adjustments	-	(171,357)
Prior period (over) under provisions in current tax	-	112
Bad debt reversed for tax	2,855	-
Temporary difference in audit and accounting provisions	1,631	-
Amounts received in advance - prior year	(51,820)	-
Recoupment of depreciation	(27,537)	-
	(74,871)	(171,245)
	59,917	790,535
18. Auditor's remuneration		
Fees	34,000	28,075

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

	2020	2019
19. Cash generated from operations		
Profit before taxation	471,087	3,430,904
Adjustments for:		
Profit on sale of assets	(98,348)	-
Interest received	(130)	(124)
Finance costs	620,910	577,316
Fair value adjustments	-	(3,415,000)
Depreciation	108,895	3,604
Changes in working capital:		
Trade and other receivables	63,060	49,351
Trade and other payables	(759,353)	326,484
	406,121	972,535

20. Related parties

Relationships

Members of key management (directors)

PD Kilpin
KM Bradley
DGA Mudge
AJM Smith
G Brown

Related party balances and transactions with key management personnel of the company or its parent

Related party balances

Loan accounts - Owing (to) by related parties

Loans from directors	(709,818)	(738,489)
----------------------	-----------	-----------

Related party transactions

Interest paid to (received from) related parties

Interest paid on directors loans	44,616	38,303
----------------------------------	--------	--------

21. Directors' remuneration

Non-executive

2020

	Directors' fees	Total
For services as directors	98,500	98,500

2019

	Directors' fees	Total
For services as directors	122,000	122,000

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2020

2019

22. 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 directors anticipate the health risk of the COVID-19 virus and the declared South African national disaster may have a negative impact on future income of the company, and the existence of this material uncertainty may cast significant doubt on the company's ability to continue as a going concern. However the appropriateness of the going concern assumption depends on assessments of the future economic environment and the company's future prospects and performances which are unknown. The COVID-19 pandemic is a "black-swan" event which is anticipated to create challenges for humanity and for the global economy, and at the date of this report its effects are subject to levels of uncertainty out of the directors control.

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 directors continue to procure funding for the ongoing operations for the company.

Although management at this stage cannot predict the unknown factors or all possible future implications for the company they concluded, due to the strength of its financial resources and funding secured, the company will continue to operate as a going concern.

ELGIN FRUITGROWERS PROPRIETARY LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

INCOME STATEMENT (OPERATIONAL)

Figures in Rand

	Notes	2020	2019
Revenue			
Rebate: Kaap Agri		1,125,597	1,035,662
Rental income		4,247,760	3,853,156
		5,373,357	4,888,818
Other income			
Leaf analysis income (net)		127,473	52,727
Interest received	14	130	124
Gains on disposal of assets		98,348	-
Fair value adjustments	15	-	3,415,000
		225,951	3,467,851
Operating expenses			
Accounting fees		38,321	39,450
Auditors remuneration	18	38,000	28,075
Bank charges		44,277	37,284
Consulting and professional fees		-	9,737
Employee costs		1,583,746	1,823,825
Entertainment		24,275	35,450
Finance costs	16	620,910	577,316
Fines and penalties		10,301	4,025
Medical fees		207,256	177,603
Municipal costs		563,488	430,661
Operational expenses		1,965,112	1,720,132
Printing and stationary		15,773	18,923
Telephone and fax		6,880	11,711
Workmans compensation fund		9,882	11,573
		5,128,221	4,925,765
Profit before taxation		471,087	3,430,904
Taxation	17	(59,917)	(790,535)
Profit for the year		411,170	2,640,369