

Oceans Hotel Limited
(Registration number 2016/210810/06)
Annual financial statements
for the year ended 30 June 2018

Arvind Magan and Associates Inc.
Chartered Accountants (SA)
Registered Auditor

Oceans Hotel Limited

(Registration number: 2016/210810/06)

Annual Financial Statements for the year ended 30 June 2018

General Information

Country of incorporation and domicile	South Africa
Directors	Vathasallum Reddy Robert Edward Alexander Graham Wood Vuka Eliakim Maswazi Tshabalala Ahmed Vally Mahomed Theresa Mokgokong Dulipkumar Itcharam Garach
Registered office	1 Sinembe Park Douglas Saunders Drive La Lucia Ridge Kwa-Zulu Natal 4320
Postal address	P O Box 4115 The Square Umhlanga Rocks 4320
Bankers	Standard Bank Limited
Auditors	Arvind Magan and Associates Inc. Chartered Accountants (SA) Registered Auditor
Company registration number	2016/210810/06
Tax reference number	9037607265

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

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Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

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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 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 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 30 June 2019 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 page 5.

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the board of directors on 22 February 2019 and were signed on its behalf by:

Director

Director

Oceans Hotel Limited

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Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Oceans Hotel Limited for the year ended 30 June 2018.

1. Nature of business

Oceans Hotel Limited was incorporated in South Africa with interests in the Hotel industry. The company operates in South Africa.

The business of the company will be to own and operate a hotel in the leisure and business conferencing industry which is yet to be constructed. The hotel will be known as the Raddison Blu Hotel Durban, Umhlanga.

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. Directors

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

Directors

Vathasalum Reddy
Robert Edward Alexander
Graham Wood
Vuka Eliakim Maswazi Tshabalala
Ahmed Vally Mahomed
Theresa Mokgokong
Dulipkumar Itcharam Garach

There have been no changes to the directorate for the period under review.

4. Going concern

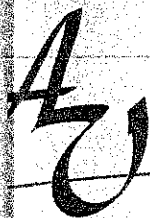
The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

5. Auditors

Arvind Magan and Associates Inc. continued as Auditors for the company for the 2018 financial year.

6. Secretary

The company secretary is Ramathe, Desai, Bhagat & Jeena.



Independent Auditor's Report

To the Shareholder of Oceans Hotel Limited

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Oceans Hotel Limited set out on pages 7 to 14, which comprise the statement of financial position as at 30 June 2018, 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 Oceans Hotel Limited as at 30 June 2018, 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 Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with 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.

Independent Auditor's Report

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

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

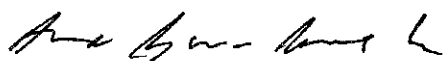
As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Arvind Magan and Associates Inc. has been the auditor of Oceans Hotel Limited for 2 years.



Arvind Magan and Associates Inc.
Chartered Accountants (SA)
Registered Auditor

22 February 2019
Umhlanga

Oceans Hotel Limited

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Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand	Notes	2018	2017
Assets			
Non-Current Assets			
Other financial assets	2	75 260 163	-
Current Assets			
Trade and other receivables	3	11 747 123	305 369
Cash and cash equivalents	4	44 573 248	440 731
		<u>56 320 371</u>	<u>746 100</u>
Total Assets		<u>131 580 534</u>	<u>746 100</u>
Equity and Liabilities			
Equity			
Share capital	5	128 023 455	539 685
Accumulated loss		(305 130)	(3 095 183)
		<u>127 718 325</u>	<u>(2 555 498)</u>
Liabilities			
Non-Current Liabilities			
Loans from related party	6	2 124 660	651 022
Current Liabilities			
Trade and other payables	7	247 207	2 650 576
Current tax payable		1 490 342	-
		<u>1 737 549</u>	<u>2 650 576</u>
Total Liabilities		<u>3 862 209</u>	<u>3 301 598</u>
Total Equity and Liabilities		<u>131 580 534</u>	<u>746 100</u>

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Statement of Comprehensive Income

Figures in Rand	Notes	2018	2017
Other income			
Interest received	8	8 338 473	2
Operating expenses			
Accounting fees		7 513	6 384
Administration fee - IPO		1 614 231	2 523 207
Advertising		632 851	564 423
Bank charges		431 785	1 171
Computer expenses		30 923	-
Consulting fees		32 952	-
Director's fees		105 000	-
External call centre fee		455 112	-
Insurance guarantee		441 435	-
Legal expenses		8 633	-
Secretarial fees		32 455	-
Travel and accommodation		1 364	-
		3 794 254	3 095 185
Operating profit (loss)		4 544 219	(3 095 183)
Finance costs		(263 824)	-
		4 280 395	(3 095 183)
Profit (loss) before taxation		(1 490 342)	-
Taxation	9	2 790 053	(3 095 183)
Total comprehensive income (loss) for the year		2 790 053	(3 095 183)

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Statement of Changes in Equity

	Share capital	Accumulated loss	Total equity
Figures in Rand			
Balance at 01 July 2016	100		100
Total comprehensive loss for the year		(3 095 183)	(3 095 183)
Issue of 21 845 ordinary no par value shares	436 900		436 900
Issue of 10 268 467 "F Class" no par value shares	102 685		102 685
Balance at 01 July 2016	539 685	(3 095 183)	(2 555 498)
Total comprehensive income for the year		2 790 053	2 790 053
Issue of 6 291 440 ordinary no par value shares	125 828 800		125 828 800
Issue of ordinary no par value shares (unallocated)	1 344 970		1 344 970
Issue of 15 500 ordinary no par value shares	310 000		310 000
Balance at 30 June 2018	128 023 455	(305 130)	127 718 325
Note	5		

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Statement of Cash Flows

Figures in Rand	Notes	2018	2017
Cash flows from operating activities			
Cash used in operations	10	(17 639 377)	(749 978)
Interest income		8 338 473	2
Finance costs		(263 824)	-
Net cash from operating activities		(9 564 728)	(749 976)
Cash flows from investing activities			
Net movements in loans with related party		1 473 638	651 122
Net movement in other financial assets		(75 260 163)	-
Net cash from investing activities		(73 786 525)	651 122
Cash flows from financing activities			
Proceeds on share issue	5	127 483 770	539 585
Total cash movement for the year		44 132 517	440 731
Cash at the beginning of the year		440 731	-
Total cash at end of the year	4	44 573 248	440 731

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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 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 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 cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

1.2 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.

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.

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Accounting Policies

1.3 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.

Ordinary shares are recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

1.4 Revenue

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

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
2. Other financial assets		
Development		
Other financial assets	75 260 163	-
Capital costs incurred for the current development of the hotel. The cost will be transferred to investment property on transfer of the land.		
Non-current assets		
At cost	75 260 163	-
3. Trade and other receivables		
VAT	11 235 988	305 369
Construction guarantee	511 135	-
	<u>11 747 123</u>	<u>305 369</u>
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	44 573 248	440 731
Collateral:		
Call Deposit Account	8 200 000	-
5. Share capital		
Authorised		
100 000 000 Ordinary shares of no par value		
50 000 000 "F Class" shares of no par value		
Issued		
100 Ordinary no par value shares at R1 per share	100	100
6 328 785 Ordinary no par value shares at R20 per share	126 575 700	436 900
10 268 467 F Class - no par value at R0.01 each	102 685	102 685
Ordinary no par value shares (unallocated)	1 344 970	-
	<u>128 023 455</u>	<u>539 685</u>
6. Loans from related party		
Oceans Umhlanga (Pty) Ltd	2 124 660	651 022
This unsecured loan is interest free and not repayable in the next 12 months.		
7. Trade and other payables		
Trade payables	247 207	2 650 576
8. Investment revenue		
Interest revenue		
Bank	8 338 473	2

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Notes to the Annual Financial Statements

Figures in Rand	2018	2017
9. Taxation		
Major components of the tax expense		
Current taxation		
South African normal tax - year	1 490 342	-
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit (loss)	4 280 395	(3 095 183)
Tax at the applicable tax rate of 28% (2017: 28%)	1 198 511	(866 651)
Non-deductible expenses		
Administration fee - IPO	451 984	706 498
	451 984	706 498
Other		
Assessed loss	(160 153)	160 153
	(160 153)	160 153
	1 490 342	-
10. Cash used in operations		
Profit (loss) before taxation	4 280 395	(3 095 183)
Adjustments for:		
Interest received	(8 338 473)	(2)
Finance costs	263 824	-
Changes in working capital:		
Trade and other receivables	(11 441 754)	(305 369)
Trade and other payables	(2 403 369)	2 650 576
	(17 639 377)	(749 978)
11. Related parties		
Relationships		
Common Directors	Oceans Umhlanga (Pty) Ltd	
Related party balances		
Loan accounts - Owing (to) by related parties		
Oceans Umhlanga (Pty) Ltd	(2 124 660)	(651 022)
12. 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.