



Annual Financial Statements

for the year ended
30 June 2022

The Radisson Blu logo is located on the lower right side of the image. It features the word "Radisson" in a large, black, cursive script font, followed by the word "BLU" in a smaller, white, sans-serif font inside a blue square. The logo is positioned above a curved white balcony of the hotel building.

Radisson BLU



Oceans Hotel Limited

(Registration number 2016/210810/06)

Annual Financial Statements
for the year ended 30 June 2022

Arvind Magan and Associates Inc.

Chartered Accountants (SA) Registered Auditor

Issued 04 November 2022

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Hotel and Conferencing industry
Directors	Vathasallum Reddy Robert Edward Alexander Ahmed Vally Mahomed Theresa Mokgokong Dulipkumar Itcharam Garach Michael Ian Gardner
Registered office	1 Sinembe Park· Douglas Saunders Drive La Lucia Ridge Kwa-Zulu Natal 4320
Postal address	PO Box 4115 The Square Umhlanga Rocks 4320
Bankers	Standard Bank Limited ASSA Bank Limited
Auditors	Arvind Magan and Associates Inc. Chartered Accountants (SA) Registered Auditor
Company registration number	2016/210810/06
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: AN Yusuf Online Management and Financial Services CC t/a Online Accounting

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Preparer

AN Yusuf

Online Management and Financial Services CC t/a
Online Accounting

AUDIT COMMITTEE REPORT

1. Members of the Audit Committee

The members of the audit committee are all independent non-executive directors of company and include:

Name

Professor D.I Garach
Dr A.T Mokgokong
DR A.V Mhomed
Michael Ian Gardner

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act 71 of 2008 and Regulation 42 of the Companies Regulation, 2011

2. Meetings held by the Audit-Committee

The audit committee performs the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditors.

3. External auditor

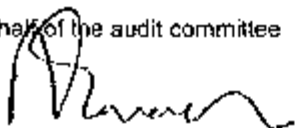
The committee satisfied itself through enquiry that the external auditors is independent as defined by the Companies Act 71 of 2008 and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the auditors that internal governance processes within the firm support and demonstrate the claim to independence.

The audit committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

4. Annual Financial Statements

Following the review of the annual financial statements the audit committee recommend board approval thereof.

On behalf of the audit committee



Professor D.I Garach
Chairman Audit Committee

Umhlanga

Friday, 04 November 2022

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 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 2023 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 8 to 9.

The annual financial statements set out on pages 10 to 28, which have been prepared on the going concern basis, were approved by the directors on 04 November 2022 and were signed on its behalf by:



 Vathasallum Reddy



 Robert Edward Alexander

Durban

Friday, 04 November 2022

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 2022.

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 is to own and operate a hotel in the leisure and business conferencing industry.

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 company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the directors may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the directors may pass on the payment of dividends.

Given the current state of the global economic environment, the directors believe that it would be more appropriate for the company to conserve cash and maintain adequate debt headroom to ensure that the company is best placed to withstand any prolonged adverse economic conditions. Therefore the directors have resolved not to declare a dividend for the financial year ended 30 June 2022.

The 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:

Directors

Vathasallum Reddy
Robert Edward Alexander
Ahmed Vally Mahomed
Theresa Mokgokong
Dulipkumar Itcharam Garach
Michael Ian Gardner

6. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company. The directors must have specific industry knowledge in hotel and conference industry or a certain type of degree or qualification which is included in their employment terms. Directors have been appointed due to their necessary experience, skill, time and ability to fulfill their roles in the administration of the company and to provide sound corporate governance for the company, industry specific knowledge is requirement.

7. Plant and equipment

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

At 30 June 2022 the company's investment in plant and equipment amounted to R41 705 306 and additions amounted to R 42 326 117.

DIRECTORS' REPORT (CONTINUED)

8. Borrowing powers

In terms of the Memorandum of Incorporation, the borrowing powers of the company are unlimited. However all borrowings by the company are subject to board approval as required by the board delegation of authority.

9. Impact of COVID-19

The directors are aware of the COVID-19 pandemic which has developed rapidly In 2020, with a significant number of cases, Measures taken by the South African Government to contain the virus have affected economic activity. As an organisation, we have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people and securing the supply of materials that are essential to the business due to the virus still continuing to develop subsequent to the current financial year end.

We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations In the best and safest way possible without jeopardising the health of our employees. At this moment there is no significant impact of COVID-19 on liquidity.

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

10. Events after the reporting period

The South African Revenue Service has changed the income tax rate from 28% to 27% effective for companies with a tax year end from 31 March 2023 onwards. The directors believe that this will not impact on the deferred tax balance recognised.

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

11. Going concern

We draw attention to the fact that at 30 June 2022, the company had accumulated losses of R 21 255 913 (2021: R 3 507 557) during the year ended 30 June 2022, and its current liabilities exceeded its current assets by R 14 363 282. These events or conditions may cast a material uncertainty on the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The company commenced trading in June 2022.

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 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 requirement.

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.

12. Litigation statement

The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

13. Auditors

Arvind Magan and Associates Inc. continued in office as auditors for the company for 2022.

DIRECTORS' REPORT (CONTINUED)

14. Statement of disclosure to the company's auditors

With respect to each person who is a director on the day that this report is approved:

- there is, so far as the person is aware, no relevant audit information of which the company's auditors are unaware; and
- the person has taken all the steps that he or she ought to have taken as a director to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

15. Social and ethics committee

It is important for the members of the Social and Ethics Committee to understand the role and function of the Committee. The key function of this committee is to act the social conscience of the business and to ensure that the company performs like a responsible corporate citizen. This function should cover all aspects of the business, including its sustainability, impact on the environment, association with its stakeholders, interactions with and impact on the community within which it operates, the treatment of an investment in its Shareholders, its health and safety practices, black economic empowerments, the ethical corporate culture, and so on.

It is important that this committee assumes the responsibility to ensure that the Board sets the appropriate attitude, and that the performance and messages of the Board and the Directors support and contribute to the Shareholders ethical corporate culture. As such, the Social and Ethics Committee will inevitably have to ensure open communication channels with Audit, Risk, Nomination and Remuneration committees. It will have to involve itself in the approach of the other Board Committees to operational and business decisions to ensure consistent behaviour from a Social and Ethics point of view.

16. Remuneration and nomination committee

The remuneration and nomination Committee (the "Committee") is constituted as a committee of the board of directors of Oceans Hotel Limited (the "Company"). The duties and responsibilities of the members of the committee are in addition to those as members of the Board.

The deliberations of the Committee do not reduce the individual and collective responsibilities of board members regarding their fiduciary duties and responsibilities, and they must continue to exercise due care and judgement in accordance with their statutory obligations.

These terms of reference are subject to the provisions of the Companies Act of 2008, the Company's Memorandum of Incorporation ("Mol") and any other applicable law or regulatory provision.

The scope of the Committee extends to the operations and activities of all the Company's legal entities.

17. Compilers

Online Management and Financial Services CC t/a Online Accounting have continued in office as the practitioner for the year.

18. Secretary

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Oceans Hotel Limited

Opinion

We have audited the annual financial statements of Oceans Hotel Limited (the company) set out on pages 10 to 28, which comprise the statement of financial position as at 30 June 2022, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the 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 2022, and its financial performance and cash flows for the year then ended in accordance with the 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). 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 information included in the document titled "Oceans Hotel Limited annual financial statements for the year ended 30 June 2022", which includes the Directors' Report and Audit Committee Report as required by the Companies Act 71 of 2008, 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting 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 (CONTINUED)

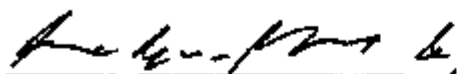
Auditor's Responsibilities for the Audit of the Annual Financial Statements

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.



Arvind Magan and Associates Inc.

Director: Arvind V. Magan
Chartered Accountant (SA)
Registered Auditor

04 November 2022

Durban

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Non-Current Assets			
Plant and equipment	2	41705306	-
Investment property	3	568 724 040	361 782 001
Goodwill	4	25 920 038	28 800 042
Deferred tax	5	4 007 835	631 612
		640 357 219	391 213 655
Current Assets			
Inventories	6	621 260	
Loans to shareholders	7	4 000	4000
Trade and other receivables	8	19 218 358	15 966 099
Cash and cash equivalents	9	20 602 085	3 852 801
		40 445 703	19 822 900
Total Assets		680 802 922	411 036 555
Equity and Liabilities			
Equity			
Share capital	10	411 823 840	411 823 840
Accumulated loss		(21 255 913)	(3 507 557)
		390 567 927	408 316 283
Liabilities			
Non-Current Liabilities			
Other financial liabilities	11	235 426 011	1184 188
Current Liabilities			
Trade and other payables	12	54 808 984	1536084
Total Liabilities		290 234 995	2 720 272
Total Equity and Liabilities		680 802 922	411 036 555

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2022	2021
Revenue			
Banqueting income		152 445	-
Food and beverage income		3 088 931	-
Hotel services income		174 6594	-
		4 987 970	-
Cost of sales			
Purchases		(1 788 035)	-
Gross profit		3 199 935	-
Other income			
ETI		17 509	-
Key money contribution		6 000 000	-
		6 017 509	-
Expenses (Refer to page 12)		(19 655 397)	(2 922 980)
Operating loss		(10 437 953)	(2 922 980)
Investment income	13	109 798	187 691
Finance costs	14	(10 796 425)	-
		(10 686 627)	187 691
Loss before taxation		(21 124 580)	(2 735 289)
Taxation	15	3 376 224	621 873
Loss for the year		(17 748 356)	(2 113 416)

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	2022	2021
Operating expenses		
Accounting fees	31 850	29 750
Administration and management fees	174 628	41 429
Administration fee - IPO	341 463	514 315
Advertising	567 505	-
Annual general meeting costs	36 819	117 110
Assessment rates & municipal charges	1770684	1 069 987
Auditors remuneration	60 000	60 000
Bank charges	23 640	14 053
Cleaning	451 141	-
Commission paid	27 572	-
Computer expenses	68 097	-
Consulting fees	735 372	380 000
Depreciation and amortisation	3 500 815	-
Director fees	19 200	10 000
Employee costs	3 310 947	383 482
Entertainment	93 786	50 004
Agreement, commitment and raising fees	5 966 377	-
Insurance	157 933	-
Legal expenses	1 319	-
Printing and stationery	118 033	-
Professional fees	55 463	-
Repairs and maintenance	70 914	-
Secretarial fees	28 100	2 850
Security	220 988	-
Small assets	347 369	-
Staff welfare	41 655	-
Subscriptions	274 005	-
Technical fee	500 000	250 000
Telephone and fax	72 678	-
Training	85 568	-
Travel - local	52 278	-
Uniforms	449 198	-
	19 655 397	2 922 980

The supplementary information presented does not form part of the annual financial statements and is unaudited

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Share capital	Accumulated loss	Total equity
Balance at 01 July 2020	411 823 840	(139 414 1)	410 429 699
Loss for the year		(2 113 416)	(2 113 416)
Balance at 01 July 2021	411 823 840	(3 507 557)	408 316 283
Loss for the year		(17 748 356)	(17 748 356)
Balance at 30 June 2022	411 823 840	(21 255 913)	390 567 927
Note(s)	10		

STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Cash generated from (used in) operations	16	42 462 244	(15 173 781)
Interest income		109 798	187 691
Finance costs		(10 796 425)	-
Net cash from operating activities		31 775 617	(14 986 090)
Cash flows from investing activities			
Purchase of plant and equipment	2	(42 326 117)	
Purchase of investment property .	3	(206 942 039)	(30 789 778)
Net cash from investing activities		(249 268 156)	(30 789 778)
Cash flows from financing activities			
Movement of other financial liabilities		234 241 823	-
Net cash from financing activities		234 241 823	-
Total cash movement for the year		16 749 284	(45 775 868)
Cash at the beginning of the year		3 852 801	49 628 669
Total cash at end of the year	9	20 602 085	3 852 801

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

Critical judgements in applying accounting policies

Management are required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements, are outlined as follows:

Revenue recognition

Management were required to consider whether it was appropriate to recognise the revenue in the current year, in line with the company's general policy of recognising revenue when goods are delivered, because that is when the risks and rewards of ownership typically transfer, or whether it was more appropriate to defer recognition until the rectification work was complete.

In making their judgement, management considered the criteria for the recognition of revenue from the sale of goods set out in the Standard and, in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership of the goods. Following the detailed quantification of the company's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, management are satisfied that the significant risks and rewards have been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate provision for the rectification costs,

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The useful lives of assets within each asset category are determined based on the company replacement policies for the various assets or the best estimate of the period the company expects to use the assets. In assessing the residual values, the remaining useful life of the asset, its projected disposal value and future market conditions are taken into account. The useful lives and residual values are assessed annually based on factors including wear and tear and technological obsolescence and usage requirements.

Impairment testing

The company reviews and tests the carrying value of property, plant and equipment, investment property on the cost model and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

ACCOUNTING POLICIES (CONTINUED)

1.2. Investment property

Investment property is real right 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.

1.3. Plant and equipment

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.

Plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of 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 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 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.

Plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

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 plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture, fixtures and equipment	Straight line	6 years
Operating, supplies & equipment	Straight line	5 years
Kitchen equipment	Straight line	6 years

When indicators are present that the useful lives and residual values of items of plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

ACCOUNTING POLICIES (CONTINUED)

13. Plant and equipment (continued)

Impairment tests are performed on plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

14. Goodwill

Goodwill is initially measured at cost, being the excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Subsequently goodwill is carried at cost less accumulated amortisation and any accumulated impairment. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life of 10 years.

15. 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. They 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.

16. Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

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

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

ACCOUNTING POLICIES (CONTINUED)

1.6. 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.

1.7. Inventories

Inventories are measured at the lower of cost and estimated selling price less costs to complete and sell, on the first-in, first-out (FIFO) basis.

1.8. Impairment of assets

The company assesses at each reporting date whether there is any indication that plant and equipment or intangible assets or goodwill or investment property on the cost model 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.

1.9. 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.

Defined contribution plans

Payments to defined contribution retirement benefit, medical aid, provident fund are charged as an expense as they fall due.

1.10. Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or 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 VAT and discounts.

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

ACCOUNTING POLICIES (CONTINUED)

1.11. Borrowing costs

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

1.12. Related parties

A related party is a person or entity with the ability to control or jointly control the company, or exercise significant influence over the company, or vice versa. As a minimum, the following are regarded as related parties of the company

1. A person or a close member of that person's family is related to the company if that person:
 - has control or joint control of the company;
 - has significant influence over the company; or
 - is a director of key management personnel of the company.
2. An entity is related to the company if any of the following conditions apply:
 - the entity is controlled or jointly controlled by a person identified as a related party;
 - a person identified as having control or joint control over the company has significant influence over the entity or is a member of key management personnel of the entity; or
 - the entity provides key management personnel services to the company.

A related party transaction is a transfer of resources, services or obligations between the company and a related party, regardless of whether a price is charged.

1.13. Operating expense

Operating expenses, other than those specifically detailed within another accounting policy, are recognised in profit or loss when there are decreases in economic benefits during the accounting period in the form of outflows or depletion of assets or incurrences of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. Plant and equipment

	2022		
	Cost	Accumulated depreciation	Carrying value
Furniture, fixtures and equipment	3 481 390	(48 354)	3 433 036
Furniture, fixtures and equipment public areas	9 423 957	(130 891)	9 293 066
Furniture, fixtures and equipment rooms	14 266 679	(198 152)	14 068 527
Operating supplies & equipment	14 407 751	(240 129)	14 167 622
Kitchen equipment	746 340	(3 285)	743 055
Total	42 326 117	(620 811)	41 705 306

Reconciliation of plant and equipment - 2022

	Opening balance	Additions	Depreciation	Closing balance
Furniture, fixtures and equipment	-	3 481 390	(48 354)	3 433 036
Furniture, fixtures and equipment public areas	-	9 423 957	(130 891)	9 293 066
Furniture, fixtures and equipment rooms	-	14 266 679	(198 152)	14 068 527
Operating supplies & equipment	-	14 407 751	(240 129)	14 167 622
Kitchen equipment	-	746 340	(3 285)	743 055
	-	42 326 117	(620 811)	41 705 306

3. Investment property

	2022			2021		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Investment property	568 724 040	-	568 724 040	361 782 001	-	361 782 001

Reconciliation of investment property - 2022

	Opening balance	Additions	Closing balance
Investment property	361 782 001	206 942 039	568 724 040

Reconciliation of investment property - 2021

	Opening balance	Additions	Closing balance
Investment property	330 992 223	30 789 778	361 782 001

Investment property

The following investment property has been pledged as security for the secured long-term borrowings as per note 11.

Figures in Rand	2022	2021
Details of property		
Portion 15 Erf 379 Umhlanga Rocks, Registration Division FU, Province of KwaZulu Natal, in extent approximately 5,1356 hectares.		
-Real right	56 044 000	56 044 000
-Bulk infrastructure	13 764 806	13 764 806
-Additions since purchases	498 915 234	291 973 195
	568 724 040	361 782 001

The total estimated cost to complete the construction of the Hotel is R 35 991 327.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(CONTINUED)

4. Goodwill

	2022			2021		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Goodwill	28 800 042	(2 880 004)	25 920 038	28 800 042	-	28 800 042

Reconciliation of goodwill - 2022

	Opening balance	Amortisation	Closing balance
Goodwill	28 800 042	(2 880 004)	25 920 038

Reconciliation of goodwill - 2021

	Opening balance	Closing balance
Goodwill	28 800 042	28 800 042

Additional information

Goodwill has been amortised as the company commenced trading during the year.

Figures in Rand

5. Deferred tax

The major components of the deferred tax balance are as follows:

Deferred tax asset

Arising as a result of temporary differences on:

Building allowance	(7177 521)	-
Tax losses available for set off against future taxable income	11185 356	631 612
Total deferred tax asset	4 007 835	631 612

Reconciliation of deferred tax asset

At beginning of year	631 612	9 739
Recognised in profit or loss:		
Increases in tax loss available for set off against future taxable income	11 185 356	621 873
Movement in temporary differences on building allowance	(7 809 132)	-
At end of year	4 007 835	631 612

6. Inventories

Beverage	277 968	-
Food	176 249	-
Guest supplies	83 074	-
Other	43447	-
Printing and stationery	40 522	-
	621 260	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(CONTINUED)

Figures in Rand		2022	2021
7.	Loans to (from) shareholders		
	Tour the World (Pty) Ltd	4 000	4 000
	The above loan is unsecured, interest free and not repayable within the next twelve months of statement of financial position date.		
8.	Trade and other receivables		
	Trade receivables	35 534	-
	Prepayments	17 392	13 808 058
	Deposits	548 738	-
	VAT	18 616 694	2 158 041
		19 218 358	15 966 099
9.	Cash and cash equivalents		
	Cash and cash equivalents consist of:		
	Cash on hand	295 410	-
	Bank balances	20 306 675	3 852 801
		20 602 085	3 852 801
The bank balances in cash and cash equivalents have been ceded as security for the secured long-term borrowings as per note 11.			
10.	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
	20 591 187 Ordinary no par value shares at R20 per share	411 823 740	411 823 740
		411 823 840	411 823 840
11.	Other financial liabilities		
	At amortised cost		
	Oceans Umhlanga (Pty) Ltd	497 583	1 184 188
	The above loan is unsecured, interest free and not repayable within twelve months of statement of financial position date.		
	Industrial Development Corporation	234 928 428	-
		235 426 011	1184 188

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(CONTINUED)

11. Other financial liabilities (continued)

1. Industrial Development Corporation has agreed to make a loan available to the company in an aggregate amount of approximately R 260 000 000 made up of:
 - 1.1 A capital amount equal to R 170 000 000 to be utilised for the purpose of construction costs, furniture, fitting and equipment, working capital requirements and pre-opening expenses of the development.
 - 1.2 A capital amount equal to R 50 000 000 to be utilised for the purpose of construction costs, furniture, fitting and equipment, working capital requirements and pre-opening expenses of the development.
 - 1.3 A capital amount equal to R 40 000 000 to be utilised for the purpose of furniture, fitting and equipment and operating supplies and equipment of the hotel.
2. Repayment:
 - 2.1 The loan amount in 1.1 above (capital and capitalised interest) shall be repaid in 114 (one hundred and fourteen) equal monthly instalments, the first of which shall be paid on the 19th (nineteenth) month after the first drawing date and the remainder thereafter on the first day of each and every succeeding month, until the loan has been repaid in full.
 - 2.2 The loan amount in 1.2 above (capital and capitalised interest) shall be repaid in 114 (one hundred and fourteen) equal monthly instalments, the first of which shall be paid on the 19th (nineteenth) month after the first drawing date and the remainder thereafter on the first day of each and every succeeding month, until the loan has been repaid in full.
 - 2.3 The loan amount in 1.3 above shall be repaid subject to 12 (twelve) month interest and 18 (eighteen) month capital moratorium calculated from the first drawdown date of the loan and shall thereafter be repaid in 120 (one hundred and twenty) equal monthly instalments, the first repayment of which shall be paid on the 13th (thirteenth) month and 19th (nineteenth) month respectively following the loan moratorium period and thereafter on the first day of each and every succeeding month until the loan has been repaid full.
3. Interest rate:
 - 3.1 A fixed rate equal to 10,45% shall apply to the loan in 1.2 above, for the first seven years reckoned from the first drawdown date of the loan, and thereafter, a rate equal to 1.8% above the prime overdraft rate shall apply to the loan for the remainder of the term, for as long as the borrower is not in breach of the developmental obligations.
 - 3.2 A rate equal to 1.8% above the prime overdraft rate shall apply to the balance of the loan referred to in note 1.1 above for as long as the borrower is not in breach of any of the development obligations.
 - 3.3 The loan in note 1.3 above shall bear interest at a rate of 4.45% above the prime overdraft rate from the first drawdown date. If the borrower has breached any of its development obligations, the loan shall, at the sole discretion of the lender, bear interest at 5.45% (five point four five percent) above the prime overdraft rate.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(CONTINUED)

11. Other financial liabilities (continued)

4. The above loan is secured over; either:
 - 4.1 A first covering mortgage bond over the borrowers real right, to be registered by the borrower in favour of the lender and for the borrowers account, to the value of not less than R 330 000 000 plus an additional amount.
 - 4.2 A general notarial bond over all the moveables assets owned by the borrower, to be registered by the borrower in favour of the lender and for the Borrower's account, to the value of not less than of R 10 000 000,
5. Guarantees:
 - 5.1 Unlimited guarantee to the value of the loan plus interest and costs of concluded by/between Ocean Umhlanga (Pty) Ltd and Oceans Holdings (Pty) Ltd respectively.
 - 5.2 Proportional guarantee to the value of the loan plus interest and costs concluded between Vathasallum Reddy and Robert Edward Alexandra, R and A Administration of Proprietary Limited and the trustees of the Gotya Share Trust.
6. Cession and Pledges:
 - 6.1 Unlimited pledge and cession of Oceans Umhlanga (Pty) Ltd and Oceans Holdings (Pty) Ltd rights, titles and interest in and to the issued share held by the company respectively.
 - 6.2 Unlimited cession of Oceans Umhlanga (Pty) Ltd and Oceans Holdings (Pty) Ltd to the loans and claims held by the company respectively.
 - 6.3 Subordinations of loans held in and against the company by Oceans Umhlanga (Pty) Ltd and Oceans Holdings (Pty) Ltd respectively.
 - 6.4 Cession of the companies rights, title and interest in and to:
 - Its Bank accounts
 - Insurance policies and proceeds relating to the construction and completion of the building end
 - Material agreements
 - 6.5 Unlimited cession of rights, title and interest in and to the construction guarantee.
 - 6.6 Unlimited cession of rights, title and interest in and to the building contract.

Figures in Rand	2022	2021
Non-current liabilities		
At amortised cost	235 426 011	1184 188

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(CONTINUED)

	Figures in Rand	2022	2021
12.	Trade and other payables		
	Trade payables	52 654 631	-
	Payroll accrual	423 142	1 429
	Other payables	1 273 104	1 273 104
	Accrued expense	458 107	261 551
		54 808 984	153 6084
13.	Investment revenue		
	Interest revenue		
	Bank	109 798	435 603
	Other interest	-	(247 912)
		109 798	187 691
14.	Finance costs		
	Other interest paid	10 796 425	-
15.	Taxation		
	Major components of the tax income		
	Deferred taxation		
	South African deferred tax - current year	(3 376 224)	(621 873)
	Reconciliation of the tax expense		
	Accounting loss	(21 124 580)	(2 735 289)
	Tax at the applicable tax rate of 28% (2021: 28%)	(5 914 882)	(765 881)
	Non-deductible expenses		
	Administration fees	-	144 008
	Amortisation	806 401	-
	Agreement, commitment fee and raising fee	1 667 160	-
	ETI	(4 903)	-
		2 468 658	144 008
	Other		
	Prior period under provisions in deferred tax	70 000	-
		70 000	-
		(3 376 224)	(621 873)

Non provision of tax

No provision has been made for 2022 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R 39 947 699 (2021: R 2 005 756).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(CONTINUED)

Figures in Rand		2022	2021
16.	Cash generated from (used in) operations		
	Loss before taxation		
	Adjustments for:	(21 124 580)	(2 735 289)
	Depreciation and amortisation	3 500 815	-
	Interest received	(109 798)	(187 691)
	Finance costs	10 796 425	-
	Changes in working capital:		
	Inventories	(621 260)	-
	Trade and other receivables	(3 252 259)	(12 067 128)
	Trade and other payables	53 272 901	(183 673)
		42 462 244	(15 173 781)
17.	Operating expenses		
	Operating expenses include the following expenses:		
	Depreciation and amortisation	3 500 815	-
	Employee costs	3 310 947	383 482
18.	Depreciation and amortisation		
	The following items are included within depreciation, amortisation and impairments:		
	Depreciation		
	Plant and equipment	620 811	-
	Amortisation		
	Goodwill	2 880 004	-
	Total depreciation, amortisation and impairments		
	Depreciation	620 811	-
	Amortisation	2 880 004	-
		3 500 815	-
19.	Related parties		
	Relationships		
	Common Directors	Oceans Umhlanga (Pty) Ltd	
	Common Director/ Shareholder	Tour The World (Pty) Ltd	
	Common Director/ Shareholder of Oceans Umhlanga (Pty) Ltd	Oceans Umhlanga Holdings (Pty) Ltd	
	Common Director	R and Administration of Proprietary Limited	
	Common Trustee/ Director	Gotya Share Trust	
	Figures in Rand	2022	2021
	Related party balances		
	Loan accounts - Owing (to) by related parties		
	Tour the World (Pty) Ltd	4 000	4 000
	Oceans Umhlanga (Pty) Ltd	(497 583)	(1 184 188)
	Amounts included in Trade receivable (Trade Payable) regarding related parties		
	Oceans Umhlanga (Pty) Ltd	(49152321)	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(CONTINUED)

20. Directors' and prescribed officer's remuneration

2022

Directors' emoluments	Directors fees	Total
Services as director or prescribed officer		
Ahmed Vally Mahomed	9 600	9 600
Dulipkumar Itcharam Garach	9 600	9 600
	19 200	19 200

2021

Directors' emoluments	Directors fees	Total
Services as director or prescribed officer		
Ahmed Vally Mahomed	5 000	5 000
Dulipkumar Itcharam Garach	5 000	5 000
	10 000	10 000

Figures in Rand

	2022	2021
21. Comparative figures		
Certain comparative figures have been reclassified:		
Statement of Financial Position-		
Share capital	-	1 273 104
Trade and other payables	-	(1273104)
Investment property	-	36 178 001
Property, plant and equipment	-	(36 178 001)
Trade and other payables	-	1 184 188
Other financial liabilities	-	(1 184 188)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

(CONTINUED)

22. Going concern

We draw attention to the fact that at 30 June 2022, the company had accumulated losses of R 21 255 913 (2021: R 3 507 557) during the year ended 30 June 2022, and its current liabilities exceeded its current assets by R 14 363 282. These events or conditions may cast a material uncertainty on the company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The company commenced trading in June 2022.

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 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 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 requirement.

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.

23. Events after the reporting period

The South African Revenue Service has changed the income tax rate from 28% to 27% effective for companies with a tax year end from 31 March 2023 onwards. The directors believe that this will not impact on the deferred tax balance recognised.

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

24. Impact of COVID-19

The directors are aware of the COVID-19 pandemic which has developed rapidly in 2020, with a significant number of cases. Measures taken by the South African Government to contain the virus have affected economic activity. As an organisation, we have taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for our people and securing the supply of materials that are essential to the business due to the virus still continuing to develop subsequent to the current financial year end.

We will continue to follow the various government policies and advice and, in parallel, we will do our utmost to continue our operations in the best and safest way possible without jeopardising the health of our employees. At this moment there is no significant impact of COVID-19 on liquidity.

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

