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## **Inqo Investments Limited and its subsidiaries**

Annual Financial Statements

for the year ended 29 February 2016

Audited

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Prepared by  
B Jones CA(SA)  
*of Green Bean Financial Management CC*

**Inqo Investments Limited and its subsidiaries**  
(Reg No 1998/024741/06)

**Consolidated Annual Financial Statements**  
*for the year ended 29 February 2016*

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**Preparation of consolidated annual financial statements**

The financial statements were audited in terms of section 30 of the Companies Act of South Africa. B Jones CA(SA) prepared the consolidated and separate annual financial statements. These financial statements for the year ended 29 February 2016 were published on 27 July 2016.

# **Inqo Investments Limited and its subsidiaries**

## **Directors' responsibility statement**

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Inqo Investments Limited, comprising the statements of financial position at 29 February 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the directors' report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and there is no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

## **Approval of consolidated and separate annual financial statements**

The consolidated and separate annual financial statements of Inqo Investments Limited, as identified in the first paragraph, were approved by the directors on 27 July 2016 and signed on their behalf by



K Tan

*Authorised Director*



C Bertie

*Authorised Director*

## **Inqo Investments Limited and its subsidiaries**

### **Declaration by the company secretary**

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In my capacity as Company Secretary, I hereby confirm, in terms of the Companies Act of South Africa, for the year ended 29 February 2016, the Company has lodged with the Registrar of Companies all such returns as are required in terms of this Act and that all such returns appear to be true, correct and up to date.



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Company Secretary

# **Inqo Investments Limited and its subsidiaries**

## **Directors' report**

*For the year ended 29 February 2016*

### **Nature of business**

The directors have pleasure in presenting their report for the year ended 29 February 2016.

### **Business activities**

The company is a social impact investment company that invests in businesses and projects that tackle poverty and the social needs of the poor in Africa. The company believes that enterprise is the best way to tackle poverty through creating sustainable employment that empowers the poor and thereby transforms communities. The current projects that the company is managing or advising on includes:

- Kuzuko Lodge (Pty) Ltd which is a subsidiary entity that functions as a five star game lodge. This entity created in excess of 200 jobs during the construction of the lodge and currently employs 50 staff. This entity also provides skills training to people from local communities that were previously unemployed.
- Kuzuko Foundation provides tours through the property for children from disadvantaged backgrounds during school holidays.
- Rehabilitation of degraded land on the company property with the introduction of spekboom shrubs. This project has also resulted in the employment of 50 staff that were previously unemployed from the local community.

### **Going concern**

The company incurred a net loss before tax for the year ended 29 February 2016 of R5 087 445 (2015: profit of R9 693 744).

The company impaired its loan to Kuzuko Lodge (Pty) Ltd as at 29 February 2016 by a further R890 620 (2015: R 1 496 881) and to Spekboom Trading (Pty) Ltd by R530 287, bringing the total impairment to R23 844 006. The reason for the impairments is due to Kuzuko Lodge (Pty) and Spekboom Trading (Pty) Ltd being insolvent as at 29 February 2016 and 2015, and full recoverability of the loans was not considered probable.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and there is no reason to believe the businesses will not be going concerns in the year ahead.

### **Directors**

The directors in office at the date of this report are –

Mr David Andrew Louw  
Dr Kim Tan †  
Mr Christopher Bertie

†Malaysian

### **Share capital**

A special resolution was passed on 29 July 2015 to amend the authorised and issued share capital from R1 par value to R5 par value shares. This had the impact of reducing the number of shares in issue from 28 813 042 to 5 762 606. Long term loans were also converted to equity during the year and new shares were issued, increasing the value of share capital to R58 198 075 and share premium to R58 227 703.

# **Inqo Investments Limited and its subsidiaries**

## **Directors' report (continued)**

*For the year ended 29 February 2016*

### **Secretary**

The company secretary is Mr Christopher Bertie.

**Business address –**  
C/o Dorrington Jessop  
28 Draper Square  
Draper Street  
Claremont  
7708

**Postal address –**  
Suite 90  
Private Bag X9190  
Cape Town  
8000

# **Inqo Investments Limited and its subsidiaries**

## **Audit committee report**

*For the year ended 29 February 2016*

The audit committee has pleasure in submitting its report as required by section 94 of the Companies Act.

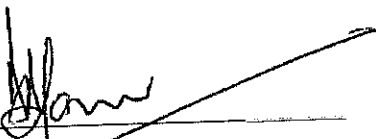
The audit committee's brief covers all entities within the Inqo Investments Group. The audit committee has performed the following activities during the year:

- Review of the year end financial statements, culminating in a recommendation to the board to adopt them.
- Taken appropriate steps to ensure that the financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa.
- Consider, and when appropriate, makes recommendations on internal financial controls.
- Review and consider the risk management reports.

The audit committee comprised of: D Louw and K Tan.

Expertise and experience of the financial director:

The Audit committee has satisfied itself that the Financial Director has the appropriate expertise and experience.



Chairman of the Audit Committee

27 July 2016



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## Independent Auditor's Report

### To the Shareholders of Inqo Investments Limited

#### *Report on the financial statements*

We have audited the consolidated and separate financial statements of Inqo Investments Limited, which comprise the statement of financial position at 29 February 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, as set out on pages 8 to 46.

#### *Directors' Responsibility for the Financial Statements*

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

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

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

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

#### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Inqo Investments Limited at 29 February 2016, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Policy Board:  
Chief Executive: TH Hoole

Executive Directors: M Letsitsi, SL Louw, NKS Malaba,  
M Oddy, CAT Smit

Other Directors: ZA Beseti, LP Fourie, N Fubu,  
AH Jaffer (Chairman of the Board), FA Karreem,  
ME Magondo, F Mall, GM Pickering,  
JN Pierce

KPMG Inc is a company incorporated under the South African Companies Act and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG Inc is a Registered Auditor, in public practice, in terms of the Auditing Profession Act, 26 of 2005.

Registration number 1999/021543/21

The company's principal place of business is at KPMG Crescent, 85 Empire Road, Parktown, where a list of the directors' names is available for inspection.





*Other Reports Required by the Companies Act*

As part of our audit of the financial statements for the year ended 29 February 2016, we have read the Directors' Report, the audit committee's report and the declaration of the company secretary, for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

*Report on Other Legal and Regulatory Requirements*

In term of the IRBA Rule published in Government Gazette Number 39475 dated 04 December 2015, we report that KPMG Inc has been the auditor of Inqo Investments Limited for 18 years.

KPMG Inc.

Per C. Batchelor  
Chartered Accountant (SA)  
Registered Auditor  
Director  
27 July 2016

# Inqo Investments Limited and its subsidiaries

## Statements of comprehensive income

for the year ended 29 February 2016

	Note	Group		Company	
		2016 R	Restated 2015 R	2016 R	Restated 2015 R
Revenue	1.10	10 650 195	11 249 300	236 690	688 417
Cost of Sales		(1 649 670)	(1 798 790)	-	(133 000)
Gross profit		9 000 525	9 450 510	236 690	555 417
Other income		867 241	14 976 888	17 584	14 976 888
Selling and administrative expenses		(14 795 348)	(15 808 808)	(5 563 743)	(6 371 601)
Operating (loss)/profit	2	(4 927 582)	8 618 590	(5 309 469)	9 160 704
Fair value adjustment	24	267 200	-	267 200	-
Net financing (costs)/income	3	(57 889)	355 680	(45 176)	533 040
Finance income		996 893	1 386 403	996 896	1 382 515
Finance expense		(1 054 782)	(1 030 723)	(1 042 072)	(849 475)
(Loss)/profit before taxation		(4 718 271)	8 974 270	(5 087 445)	9 693 744
Taxation	4	259 385	905 497	259 385	905 497
(Loss)/profit for the year		(4 458 886)	9 879 767	(4 828 060)	10 599 241
Other comprehensive income		(2 896 203)	3 945 380	(2 896 203)	3 945 380
Revaluation of land		-	4 850 877	-	4 850 877
Deferred tax on revaluation		(2 896 203)	(905 497)	(2 896 203)	(905 497)
<b>Total comprehensive income for the year</b>		<b>(7 355 089)</b>	<b>13 825 147</b>	<b>(7 724 263)</b>	<b>14 544 621</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders		(7 221 997)	13 825 147	(7 724 263)	14 544 621
Non controlling interest		(133 092)	-	-	-
		<b>(7 355 089)</b>	<b>13 825 147</b>	<b>(7 724 263)</b>	<b>14 544 621</b>
(Loss)/Earnings per share (cents)	27	(0.62)	0.48		
Diluted (loss)/ earnings per share (cents)	27	(0.59)	0.41		



# Ingo Investments Limited and its subsidiaries

## Statements of financial position at 29 February 2016

	Note	Group		Company	
		2016	Restated * 2015	2016	Restated * 2015
		R	R	R	R
<b>Assets</b>					
Non-current assets		119 109 761	114 107 073	119 735 181	113 525 838
Property, plant and equipment	5	119 081 602	114 107 073	117 873 086	113 525 269
Intangible assets	6	28 159	-	1 861 526	-
Loans to subsidiaries	7	-	-	-	-
Investments in subsidiaries	8	-	-	569	569
<b>Current assets</b>		31 803 519	37 707 912	27 463 539	35 067 977
Inventories	12	389 211	664 360	-	341 496
Trade and other receivables	10	4 806 513	3 201 741	2 131 568	1 186 146
Biological assets	24	2 950 200	2 576 000	2 950 200	2 576 000
Cash and cash equivalents	11	23 657 595	31 265 811	22 381 771	30 964 335
<b>Total assets</b>		150 913 280	151 814 985	147 198 720	148 593 815
<b>Equity and liabilities</b>					
Capital and reserves					
Ordinary share capital	13	58 198 075	28 813 042	58 198 075	28 813 042
Share premium	13	58 227 703	13 265 727	58 227 703	13 265 727
Revaluation reserve	14	60 199 652	59 150 475	60 199 652	59 150 475
Accumulated loss		(65 871 034)	(71 425 007)	(63 773 727)	(69 544 908)
Equity attributable to equity holders of Ingo Investments Limited		110 754 396	29 804 237	112 851 703	31 684 336
Non-controlling interest	25	(132 561)	531	-	-
<b>Total equity</b>		110 621 835	29 804 768	112 851 703	31 684 336
<b>Non-current liabilities</b>					
Loans from related parties	15	17 759 198	70 186 581	17 362 419	69 214 569
Other long term loans	21	413 779	30 891 236	17 000	30 840 736
External loans and borrowings	16	538 257	32 733 318	538 257	32 733 318
Deferred tax liability	9	13 976 887	6 368 570	13 976 887	5 447 058
Debentures	17	2 636 818	-	2 636 818	-
		193 457	193 457	193 457	193 457
<b>Current liabilities</b>		22 532 247	51 823 636	16 984 598	47 694 910
Trade and other payables	18	6 277 114	3 849 305	1 732 802	1 835 650
Provision	19	251 796	352 543	251 796	352 543
External loans and borrowings -- current portion	16	16 003 337	11 009 862	15 000 000	45 506 717
<b>Total liabilities</b>		40 291 445	98 162 398	34 347 017	116 909 479
<b>Total equity and liabilities</b>		150 913 280	141 792 313	147 198 720	148 593 815

\*refer to note 26 for the restatement

## Inqo Investments Limited and its subsidiaries

### Statements of changes in equity

for the year ended 29 February 2016

Group	Note	Share capital		Share premium		Revaluation reserve		Accumulated loss		Non-controlling interest		Total	
		R	R	R	R	R	R	R	R	R	R	R	R
<b>Restated balance at 28 February 2015</b>		28 813 042	13 265 727	63 095 855	(61 545 240)	531				531		43 629 915	
Shares issued		29 385 033	44 961 976	-	-	-				-		74 347 009	
Loss for the year		-	-	(2 896 203)	(4 325 794)	(133 092)				(133 092)		(7 355 089)	
<b>Balance at 29 February 2016</b>		<b>58 198 075</b>	<b>58 227 703</b>	<b>60 199 652</b>	<b>(65 871 034)</b>	<b>(132 561)</b>				<b>(132 561)</b>		<b>110 621 835</b>	
<b>Restated balance at 28 February 2014</b>		28 813 042	13 265 727	59 150 475	(71 425 007)	531				531		29 804 768	
Opening balance as previously reported				72 725 994	(85 000 526)							29 804 768	
Prior year error	26			(13 575 519)	13 575 519							-	
Loss for the year		-	-	-	9 879 767							9 879 767	
Loss as previously reported					8 974 270							8 974 270	
Prior year error	26				905 497							905 497	
Other comprehensive income				3 945 380	-							3 945 380	
Other comprehensive income as previously reported				4 850 877	-							4 850 877	
Prior year error	26			(905 497)	-							(905 497)	
<b>Restated balance at 28 February 2015</b>		<b>28 813 042</b>	<b>13 265 727</b>	<b>63 095 855</b>	<b>(61 545 240)</b>	<b>531</b>				<b>531</b>		<b>43 629 915</b>	

# Inqo Investments Limited and its subsidiaries

## Statements of changes in equity

for the year ended 29 February 2016

Company	Note	Share capital		Share premium		Revaluation reserve		Accumulated loss		Total	
		R	R	R	R	R	R	R	R	R	R
<b>Restated balance at 28 February 2015</b>		28 813 042	13 265 727	63 095 855	(58 945 667)						46 228 957
Shares Issued		29 385 033	44 961 976	-	-						74 347 009
Loss/other comprehensive income for the year		-	-	(2 896 203)	(4 828 060)						(7 724 263)
<b>Balance at 29 February 2016</b>		<b>58 198 075</b>	<b>58 227 703</b>	<b>60 199 652</b>	<b>(63 773 727)</b>						<b>112 851 703</b>
<b>Restated balance at 28 February 2014</b>		28 813 042	13 265 727	59 150 475	(69 544 908)						31 684 336
Opening balance as previously reported				72 725 994	(83 120 427)						31 684 336
Prior year error	26			(13 575 519)	13 575 519						-
Profit for the year		-	-	3 945 380	10 599 241						14 544 621
Profit/other comprehensive income as previously reported		-	-	4 850 877	9 693 744						14 544 621
Prior year error	26	-	-	(905 497)	905 497						-
<b>Restated balance at 28 February 2015</b>		<b>28 813 042</b>	<b>13 265 727</b>	<b>63 095 855</b>	<b>(58 945 667)</b>						<b>46 228 957</b>



# Inqo Investments Limited and its subsidiaries

## Statements of cash flows

for the year ended 29 February 2016

	<i>Note</i>	<b>Group</b>		<b>Company</b>	
		<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
		<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Cash (utilised) /generated by operations</b>	<i>23.1</i>	<b>(4 004 043)</b>	9 744 021	<b>(1 803 012)</b>	11 103 695
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(4 004 043)</b>	9 744 021	<b>(1 803 012)</b>	11 103 695
<b>Cash flows from investing activities</b>					
Increase in loans to subsidiary		-	-	<b>(3 282 433)</b>	(1 496 881)
Acquisition of biological assets		-	(107 000)	-	(107 000)
Acquisition of property, plant and equipment and intangible assets		<b>(1 757 396)</b>	(1 423 902)	<b>(1 468 644)</b>	(879 613)
<b>Net cash outflow from investing activities</b>		<b>(1 757 396)</b>	(1 530 902)	<b>(4 751 077)</b>	(2 483 494)
<b>Cash flows from financing activities</b>					
Loans and borrowings received/(repaid)		<b>94 362</b>	(19 916 243)	<b>23 772</b>	(20 092 945)
Shares issued to new shareholder for cash		<b>12 500 000</b>	-	<b>12 500 000</b>	-
Loans from related parties repaid		-	(2 738 015)	-	(3 079 503)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>12 594 362</b>	(22 654 258)	<b>12 523 772</b>	(23 172 448)
Net movement in cash and cash equivalents		<b>6 832 923</b>	(14 441 139)	<b>5 969 683</b>	(14 552 247)
Cash and cash equivalents at beginning of year		<b>16 824 672</b>	31 265 811	<b>16 412 088</b>	30 964 335
<b>Cash and cash equivalents at end of year</b>	<i>11</i>	<b>23 657 595</b>	16 824 672	<b>22 381 771</b>	16 412 088



# **Inqo Investments Limited and its subsidiaries**

## **Notes to the financial statements**

*for the year ended 29 February 2016*

### **1. Accounting policies**

Inqo Investments Limited (the “company”) is a company domiciled in South Africa. The consolidated financial statements of the company for the year ended 29 February 2016 comprise the company and its subsidiaries (together referred to as the “group”).

#### **1.1 Statement of compliance**

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act of South Africa. The group financial statements comprise the consolidated financial statements.

#### **1.2 Basis of preparation**

The financial statements are presented in Rands, rounded to the nearest rand. They are prepared on the historical cost basis except for certain financial instruments recognised at fair value as stated below.

The preparation of financial statements in conformity with IFRS requires management to make certain judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates, and associated assumptions, are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **1.3 Accounting policies**

The following are the principal accounting policies of the group, which are consistent in all material respects with those applied in the previous year.

#### **1.4 Basis of consolidation**

##### *Subsidiaries*

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceases.

##### *Transactions eliminated on consolidation*

Intergroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the group’s interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 1.5 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses except for land which is carried at valuation.

Revaluations of land is done with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date. Revaluations are performed every two years, unless significant and volatile changes occur in the fair value of land.

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Revaluations are credited directly to equity. Land is not depreciated. The estimated useful lives are as follows:

Buildings	30	years
Motor vehicles	5	years
Furniture and fittings	10	years
Musical instruments	5	years
Equipment	4 – 6	years
Computer equipment	3	years

Project costs capitalised are not depreciated. These costs will be depreciated when brought into use.

Where appropriate, and if significant, expected residual values are taken into account in determining the depreciable values of assets.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Residual values, methods of depreciation and useful lives of all assets are reassessed annually. Depreciation of an item of property, plant and equipment begins when it is available for use and ceases at the earlier of the date it is classified as held for sale or the date that it is derecognised.

Derecognition occurs when an item of property, plant and equipment is disposed of, or when it is no longer expected to generate any further economic benefits.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds and the carrying amount of the item.



# **Inqo Investments Limited and its subsidiaries**

## **Notes to the financial statements**

*for the year ended 29 February 2016*

### **1.6 Intangible assets**

Intangible assets that are acquired by the company are stated at cost less accumulated amortisation and impairment losses. Amortisation is provided over 4 years.

### **1.7 Impairment**

The carrying amounts of the group's assets, other than inventories, trade receivables and deferred tax assets, which are separately assessed and provided against where necessary, are reviewed at each financial year end reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. The recoverable amount is the higher of the asset's fair value less expenses to sell the asset, or the asset's value in use. Value in use is estimated taking into account future cash flows, forecast market conditions and the expected lives of the assets.

Such cash flows are discounted using a pre-tax rate that reflects current market value of money and the risks associated with the specific asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses are recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss except for assets carried at revalued amounts which are recognised in equity to the extent it decreases the equity where after any excess impairment is recognised in profit and loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 1.8 Financial instruments

Financial instruments that are recognised on the statement of financial position include cash and cash equivalents, trade receivables, trade payables and interest bearing loans. Fair value adjustments to the financial instruments are recognised in the statement of comprehensive income in the period in which they occurred.

Financial instruments are recognised initially at fair value. Subsequent to initial recognition these instruments are measured as detailed below:

#### *Financial assets*

Financial assets are recognised when the entity becomes a party to the contractual provisions of the financial asset. Such assets consist of cash and cash equivalents, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset.

Trade and other receivables are stated at their cost less impairment losses.

#### *Cash and cash equivalents*

Cash and cash equivalents comprises cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### *Financial liabilities*

Financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Financial liabilities consist of obligations to deliver cash or another financial asset or to exchange financial instruments with another entity on potentially unfavourable terms. Financial liabilities, other than derivative instruments, are measured at amortised cost.

Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any differences between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

Trade and other payables are stated at cost.

#### *Offset*

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when the Group has a legally enforceable right to set off the recognised amounts, and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

# **Inqo Investments Limited and its subsidiaries**

## **Notes to the financial statements**

*for the year ended 29 February 2016*

### **1.9 Interest bearing borrowings**

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any differences between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

### **1.10 Revenue**

Revenue comprises revenue received for lodge accommodation, food and beverage sales and excludes value-added tax. Revenue from the sale of goods is recognised in profit and loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue is measured at the fair value of the consideration received or receivable, net of returns, allowances and trade discounts. Revenue is recognised when the significant risks and rewards of ownership have been transferred, recovery of the consideration is probable, the associated costs can be estimated reliably and there is no continuing management involvement.

Revenue comprises net invoiced sales to customers excluding VAT, investment income and other non-operating income.

### **1.11 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit and loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates applicable for that year, and any adjustments of tax payable for previous years.

Deferred tax is provided on taxable temporary differences. Temporary differences are differences between carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at the year end reporting date. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The effect on deferred tax of any changes in tax rates is recognised in profit and loss, except to the extent that it relates to items previously charged or credited directly to equity or other comprehensive income.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **1.12 Provisions**

A provision is recognised on the statement of financial position when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at each financial year end reporting date and adjusted to reflect the current best estimate.

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 1.13 Employee benefits

#### *Short term employee benefits*

The cost of all short term employee benefits is recognised during the period in which the employee renders the related service.

Accruals for employee entitlements to salaries, wages, performance bonuses, annual and sick leave represent the amount which the group has a present obligation to pay as a result of employees' services provided to the statement of financial position date. The accruals have been calculated at undiscounted amounts based on current salary and wage rates.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

The group's policy is to provide retirement benefits for its employees. The group's contributions to defined contribution plans in respect of services during a particular period are charged against income as incurred.

#### *Defined contribution plans*

Obligations for contributions to defined contribution provident plans are recognised as an expense in the statement of comprehensive income as incurred.

### 1.14 Expenses

#### *Finance lease payments*

Minimum lease payments are apportioned between the finance charge and a reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### *Net financing costs*

Financing costs comprise interest payable on borrowings calculated on a principal outstanding using the effective interest rate. Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in the income statement using the effective interest method.

### 1.15 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

No segment report has been prepared as the group is operating in one location and is subject to the same risks and returns in considering whether products or services are related.



# **Inqo Investments Limited and its subsidiaries**

## **Notes to the financial statements**

*for the year ended 29 February 2016*

### **1.16 Foreign currency**

#### ***Foreign currency transactions***

Transactions in foreign currencies are translated at the rate of exchange ruling at the dates of the transaction. Monetary assets and liabilities outstanding on foreign transactions at the end of the financial year are translated to Rands at the rates ruling at that date. Gains and losses arising on translation are recognised in profit and loss.

### **1.17 Borrowing costs**

Borrowing costs are recognised as an expense in the period in which they are incurred except for borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset which is capitalised as part of the cost of that asset.

The actual borrowing costs incurred on borrowings specifically incurred for the purpose of obtaining a qualifying asset, shall be capitalised on the asset less any investment income on the temporary investment of those borrowings.

### **1.18 Biological assets**

Biological assets are measured at cost on initial recognition and at the end of each reporting period its fair value less costs to sell. A gain or loss on initial recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises.

### **1.19 Inventories**

Inventory is carried at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase and other costs incurred to bring them to their present location and condition, and is determined on the first in, first out method. Obsolete inventories are identified on a regular basis and are written down to net realisable value.

### **1.20 Earnings per share**

The group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing profit for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by dividing profit for the year by the weighted average number of ordinary shares outstanding, plus all potential dilutive ordinary shares.



# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

	Group		Company	
	2016 R	2015 R	2016 R	2015 R
<b>2. Operating (loss)/profit</b>				
is arrived at after taking into account				
Depreciation of property, plant and equipment	1 353 334	1 665 319	1 270 771	1 580 546
Amortisation of intangible asset	8 406	2 428	-	-
Impairment of loans to subsidiaries	-	-	1 420 907	1 496 881
Personnel expenses	<u>5 029 786</u>	<u>4 323 478</u>	<u>557 937</u>	<u>401 910</u>
Other income includes reversal of DBSA interest as a result of the renegotiated DBSA loan.	-	(14 976 888)	-	(14 976 888)
Other income includes amount reversed in respect of renegotiated Eastern Cape Development Corporation (ECDC) loan	<u>(1 016 387)</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Group		Company	
	2016 R	2015 R	2016 R	2015 R
<b>3. Net financing (costs)/income</b>				
<b>Finance income</b>	<b>996 893</b>	<b>1 386 403</b>	<b>996 896</b>	<b>1 382 515</b>
Interest income - banks	<u>996 893</u>	<u>1 386 403</u>	<u>996 896</u>	<u>1 382 515</u>
<b>Finance expense</b>	<b>(1 054 782)</b>	<b>(1 030 723)</b>	<b>(1 042 072)</b>	<b>(849 475)</b>
Interest expense on convertible loans	<u>(1 042 072)</u>	<u>(1 030 723)</u>	<u>(1 042 072)</u>	<u>(849 475)</u>
Interest expense - other	<u>(12 710)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(57 889)</u>	<u>355 680</u>	<u>(45 176)</u>	<u>533 040</u>

There was no interest incurred on the DBSA or ECDC loan for the 2016 financial year. Refer to note 16.

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

	Group		Company	
	2016 R	Restated 2015 R	2016 R	Restated 2015 R
<b>4. Taxation</b>				
South African normal tax				
- Current	-	-	-	-
- Deferred tax current charge	363 703	905 497	363 703	905 497
- Deferred tax prior year adjustment	(104 318)	-	(104 318)	-
	<u>259 385</u>	<u>905 497</u>	<u>259 385</u>	<u>905 497</u>
<b>Reconciliation of tax rate</b>	%	%	%	%
Current years charge as a percentage of profit	5.50	(10.09)	5.10	(9.34)
Capital expenses relating to legal, consulting and listing expenses	11.18	-	20.85	0.39
Prior year adjustment	2.21	-	2.05	-
Utilisation of tax loss	9.11	38.09	-	36.95
Standard tax rate	<u>28.00</u>	<u>28.00</u>	<u>28.00</u>	<u>28.00</u>
Estimated tax losses available to off- set against future taxable profits	71 573 509	66 292 307	47 062 180	42 979 999
Utilised to decrease deferred tax	(47 062 180)	(43 315 482)	(47 062 180)	(42 979 999)
Estimated tax losses carried forward	<u>24 511 329</u>	<u>22 976 825</u>	<u>-</u>	<u>-</u>

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 5. Property, plant and equipment

<i>Group</i>	Cost or valuation	Accumulated depreciation	Carrying amount
<b>2016</b>	<b>R</b>	<b>R</b>	<b>R</b>
Freehold land	90 582 058	-	90 582 058
Buildings	34 840 059	(10 012 108)	24 827 951
Game	110 661	-	110 661
Motor vehicles	3 859 186	(3 045 555)	813 631
Furniture and fittings	5 145 168	(4 110 320)	1 034 848
Musical Instruments	19 167	(19 167)	-
Equipment	2 828 522	(2 104 588)	723 934
Computer equipment	1 153 988	(1 046 054)	107 934
Project costs capitalised	880 585	-	880 585
	<b>139 419 394</b>	<b>(20 337 792)</b>	<b>119 081 602</b>
<b>2015</b>	<b>R</b>	<b>R</b>	<b>R</b>
Freehold land	90 582 058	-	90 582 058
Buildings	34 417 942	(9 820 498)	24 597 444
Game	110 661	-	110 661
Motor vehicles	3 613 676	(2 751 625)	862 051
Furniture and fittings	4 742 968	(3 266 501)	1 476 467
Musical Instruments	19 167	(19 167)	-
Equipment	2 338 159	(2 212 777)	125 382
Computer equipment	1 065 885	(913 890)	151 995
Project costs capitalised	781 335	-	781 335
	<b>137 671 851</b>	<b>(18 984 458)</b>	<b>118 687 393</b>
<i>Company</i>	<b>Cost or valuation</b>	<b>Accumulated depreciation</b>	<b>Carrying amount</b>
<b>2016</b>	<b>R</b>	<b>R</b>	<b>R</b>
Freehold land	90 582 058	-	90 582 058
Buildings	34 840 059	(10 012 108)	24 827 951
Game	110 661	-	110 661
Motor vehicles	3 765 026	(3 279 997)	485 029
Furniture and fittings	5 145 166	(4 110 319)	1 034 847
Musical Instruments	19 167	(19 167)	-
Equipment	2 576 297	(1 763 756)	812 541
Computer equipment	682 649	(662 650)	19 999
	<b>137 721 083</b>	<b>(19 847 997)</b>	<b>117 873 086</b>
<b>2015</b>	<b>R</b>	<b>R</b>	<b>R</b>
Freehold land	90 582 058	-	90 582 058
Buildings	34 417 942	(9 869 553)	24 548 389
Game	110 661	-	110 661
Motor vehicles	3 519 516	(2 830 227)	689 289
Furniture and fittings	4 742 968	(3 316 326)	1 426 642
Musical Instruments	19 167	(19 167)	-
Equipment	2 226 028	(1 907 854)	318 174
Computer equipment	634 099	(634 099)	-
	<b>136 252 439</b>	<b>(18 577 226)</b>	<b>117 675 213</b>



## Inqo Investments Limited and its subsidiaries

### Notes to the financial statements

for the year ended 29 February 2016

#### 5. Property, plant and equipment (continued)

Group	Carrying amount at beginning of the year	Additions/re-valuation	Disposals/Scrapping	Transfers	Depreciation	Carrying amount at end of the year
2016	R	R	R	R	R	R
Freehold land	90 582 058	-	-	-	-	90 582 058
Buildings	24 597 444	422 117	-	(49 055)	(142 555)	24 827 951
Game	110 661	-	-	-	-	110 661
Motor vehicles	862 051	245 510	-	(113 417)	(180 513)	813 631
Furniture and fittings	1 476 467	402 200	-	(49 826)	(793 993)	1 034 848
Equipment	125 382	490 363	-	316 057	(207 868)	723 934
Computer equipment	151 995	88 103	-	(103 759)	(28 405)	107 934
Project costs capitalised	781 335	99 250	-	-	-	880 585
<b>Total</b>	<b>118 687 393</b>	<b>1 747 543</b>	-	-	<b>(1 353 334)</b>	<b>119 081 602</b>

Group	Carrying amount at beginning of the year	Additions/re-valuation	Disposals/Scrapping	Transfers	Depreciation	Restated carrying amount at end of the year
2015	R	R	R	R	R	R
Freehold land	85 731 181	4 850 877	-	-	-	90 582 058
Buildings	25 593 307	149 123	-	-	(1 144 986)	24 597 444
Game	110 661	-	-	-	-	110 661
Motor vehicles	172 762	699 379	-	-	(10 090)	862 051
Furniture and fittings	1 891 502	-	-	-	(415 035)	1 476 467
Equipment	104 746	31 111	-	-	(10 475)	125 382
Computer equipment	143 499	93 229	-	-	(84 733)	151 995
Project costs capitalised	359 415	421 920	-	-	-	781 335
<b>Total</b>	<b>114 107 073</b>	<b>6 245 639</b>	-	-	<b>(1 665 319)</b>	<b>118 687 393</b>



## Inqo Investments Limited and its subsidiaries

### Notes to the financial statements

for the year ended 29 February 2016

Certain property, plant and equipment have been pledged as security for loans and borrowings, refer to note 16.

#### 5. Property, plant and equipment (continued)

Company	Carrying amount at beginning of the year	Additions/re-valuation	Disposals/Scrapping	Transfers	Depreciation	Carrying amount at end of the year
	R	R	R	R	R	R
Freehold land	90 582 058	-	-	-	-	90 582 058
Buildings	24 548 389	422 117	-	-	(142 555)	24 827 951
Game	110 661	-	-	-	-	110 661
Motor vehicles	689 289	245 511	-	(287 114)	(162 657)	485 029
Furniture and fittings	1 426 642	402 198	-	-	(793 993)	1 034 847
Equipment	318 174	376 496	-	284 566	(166 695)	812 541
Computer Equipment	-	22 322	-	2 548	(4 871)	19 999
<b>Total</b>	<b>117 675 213</b>	<b>1 468 644</b>	<b>-</b>	<b>-</b>	<b>(1 270 771)</b>	<b>117 873 086</b>
	Carrying amount at beginning of the year	Additions/re-valuation	Disposals/Scrapping	Transfers	Depreciation	Restated carrying amount at end of the year
	R	R	R	R	R	R
Freehold land	85 731 181	4 850 877	-	-	-	90 582 058
Buildings	25 544 252	149 123	-	-	(1 144 986)	24 548 389
Game	110 661	-	-	-	-	110 661
Motor vehicles	-	699 379	-	-	(10 090)	689 289
Furniture and fittings	1 891 502	-	-	-	(464 860)	1 426 642
Equipment	247 673	31 111	-	-	39 390	318 174
<b>Total</b>	<b>113 525 269</b>	<b>5 730 490</b>	<b>-</b>	<b>-</b>	<b>(1 580 546)</b>	<b>117 675 213</b>

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

	Group		Company	
	2016 R	2015 R	2016 R	2015 R
<b>5. Property, plant and equipment (continued)</b>				
Land comprises:				
farm number 278 portion 5,				
farm number 291 portion 0,1				
and 2,				
farm number 276 portion 1 and				
5,				
farm number 277 portion 4 and				
11,				
farm number 292 portion 0,				
farm number 428 portion 0,				
farm number 406 portion 0,				
farm number 288 portion 0, 1				
and 2,				
farm number 287 portion 1,				
farm number 279, portion 0 and				
farm number 291 portion 3.				
	<b>90 582 058</b>	90 582 058	<b>90 582 058</b>	90 582 058

The company has a formal valuation of the property performed every two years by a professional valuator. The company uses the valuator, SR Dodds who is a qualified appraiser to the Master of the Supreme Court.

Land and buildings was revalued by professional independent valuers in the previous year. The method of valuation is the direct comparison or market approach. This method entails comparing the subject property with other recent sales of similar properties in the same or comparable areas.

The key assumptions used was the expected market growth and the range or probabilities extended from a high factor of 7% to a low factor of 4%.

The expected market growth is based on current and anticipated micro and macro economic environments, where property values are impacted by escalations linked to the consumer price index.

The directors perform their own valuation every alternate year. For the year ended 29 February 2016, the directors confirmed that the value of the land and buildings approximated its carrying value of R115 million and thus there was no need to amend the financial statements in this regard.

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

	Group		Company	
	2016 R	2015 R	2016 R	2015 R
<b>6. Intangible Assets</b>				
Balance at beginning of year	26 712	-	-	-
Addition	9 853	29 140	-	-
Amortisation	(8 406)	(2 428)	-	-
Balance at end of year	<u>28 159</u>	<u>26 712</u>	<u>-</u>	<u>-</u>

Intangible assets comprise computer software purchased during the year.

### 7. Loans to subsidiaries

	Company	
	2016 R	2015 R
<i>Loan to subsidiary company (Kuzuko Lodge (Pty) Ltd)</i>		
Balance at the beginning of the year	22 423 099	20 926 218
Advances during the year	2 221 859	1 496 881
Impairments	(23 313 719)	(22 423 099)
<b>Balance at the end of the year</b>	<u>1 331 239</u>	<u>-</u>

The loan to Kuzuko Lodge (Pty) Ltd is interest free with no fixed repayment terms. This loan receivable has been impaired due to uncertainty as to the timing of repayment and the continued losses made by Kuzuko Lodge (Pty) Ltd. Inqo Investments Limited has subordinated this loan with its subsidiary company.

#### *Loan to subsidiary company (Spekboom Trading (Pty) Ltd)*

Balance at the beginning of the year (included in note 10 for the prior year)	797 064	-
Advances during the year	263 510	-
Impairments	(530 287)	-
<b>Balance at the end of the year</b>	<u>530 287</u>	<u>-</u>

The loan to Spekboom Trading (Pty) Ltd is unsecured, interest free with no fixed repayment terms.

<b>Total balance at the end of the year</b>	<u>1 861 526</u>	<u>-</u>
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# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 8. Investments in subsidiaries

			Company	
			2016	2015
			R	R
The group has a majority interest in the following operating companies:				
	Percentage interest	Percentage interest		
	2016	2015		
Kuzuko Lodge (Pty) Ltd	68.0	68.0	68	68
Spekboom Trading (Pty) Ltd	50.1	50.1	501	501
			<u>569</u>	<u>569</u>

The subsidiaries of the Company consists of the following:  
 68 Ordinary shares of R1 each in Kuzuko Lodge Proprietary Limited.  
 501 Ordinary shares of R1 each in Spekboom Trading (Pty) Ltd

	Group		Company	
	2016	Restated 2015	2016	Restated 2015
	R	R	R	R
<b>9. Deferred tax liability</b>				
Opening balance	-	-	-	-
Current year deferred tax charge	259 385	905 497	259 385	905 497
Charge through other comprehensive income	(2 896 203)	(905 497)	(2 896 203)	(905 497)
Closing balance	<u>(2 636 818)</u>	-	<u>(2 636 818)</u>	-
The deferred tax balance comprises:				
Capital allowances	2 318 544	2 253 969	2 318 544	2 347 904
Buffalo valuation	(826 056)	-	(826 056)	-
Revaluation of property	(17 377 219)	(14 481 016)	(17 377 219)	(14 481 016)
Provisions	70 503	98 712	70 503	98 712
Estimated tax loss	13 177 410	12 128 335	13 177 410	12 034 400
Closing balance	<u>(2 636 818)</u>	-	<u>(2 636 818)</u>	-

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

	Group		Company	
	2016 R	2015 R	2016 R	2015 R
<b>10. Trade and other receivables</b>				
Trade debtors	2 371 900	2 821 391	955 009	1 354 883
Impairment	(121 929)	(239 616)	-	-
Deposits	2 500	2 500	2 500	2 500
Prepayments	259 352	157 545	-	-
Other receivables	2 294 690	86 655	1 174 059	-
	<b>4 806 513</b>	<b>2 828 475</b>	<b>2 131 568</b>	<b>1 357 383</b>

An amount of R 1 000 000 that has been included in the other receivables balance is being held by Dorrington Jessop Incorporated. The money is being held in terms of a guarantee which has been issued to the Eastern Cape Development Corporation (ECDC) on behalf of Inqo Investments Limited arising from a settlement agreement concluded between ECDC and Kuzuko Lodge (Pty) Ltd dated 8 October 2015. Inqo Investments Limited stood surety for Kuzuko Lodge (Pty) Ltd. The guaranteed settlement amount of R1 000 000 will be paid out to ECDC on the happening of certain events, including the cancellation of certain mortgage and notarial bonds registered over certain properties owned by Inqo Investments Limited.

	Group		Company	
	2016 R	2015 R	2016 R	2015 R
Movement in doubtful debt impairment:				
Opening balance	(239 616)	(100 000)	-	-
Utilised during the year	117 687	-	-	-
Created during the year	-	(139 616)	-	-
Closing balance	<b>(121 929)</b>	<b>(239 616)</b>	<b>-</b>	<b>-</b>

Ageing of trade receivables at year end	Group		Group		Company	Company
	2016	2016	2015	2015	2016	2015
	R	R	R	R	R	R
	Gross	Impairment	Gross	Impairment		
Not yet due	1 576 549	-	1 798 597	-	736 237	945 328
Overdue 30 days	468 218	-	386 762	-	218 772	378 563
Overdue 60 days	205 204	-	396 416	-	-	30 992
Overdue 90 days	121 929	121 929	239 616	239 616	-	-
Total	<b>2 371 900</b>	<b>121 929</b>	<b>2 821 391</b>	<b>239 616</b>	<b>955 009</b>	<b>1 354 883</b>

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

	Group		Company	
	2016 R	2015 R	2016 R	2015 R
<b>11. Cash and cash equivalents</b>				
Call account	21 932 648	15 961 708	21 896 912	15 956 524
Current account	1 707 818	854 686	484 859	455 564
Petty Cash	17 129	8 278	-	-
Cash and cash equivalents	<u>23 657 595</u>	<u>16 824 672</u>	<u>22 381 771</u>	<u>16 412 088</u>
	Group		Company	
	2016 R	2015 R	2016 R	2015 R
<b>12. Inventories</b>				
Food and beverage	169 750	171 209	-	-
Guest supplies	4 300	5 019	-	-
Crockery and cutlery	-	341 496	-	341 496
Other consumables	215 161	224 337	-	-
	<u>389 211</u>	<u>742 061</u>	<u>-</u>	<u>341 496</u>
	Group		Company	
	2016 R	2015 R	2016 R	2015 R
<b>13. Ordinary share capital</b>				
<i>Authorised</i>				
20 000 000 ordinary shares of R5 each (2015: 100 000 000 shares of R1 each)	<u>100 000 000</u>	<u>100 000 000</u>	<u>100 000 000</u>	<u>100 000 000</u>
<i>Issued</i>				
11 639 615 ordinary shares of R5 each (2015: 28 813 042 shares of R1 each)				
Balance at beginning of year	28 813 042	28 813 042	28 813 042	28 813 042
Share buy-back	(12)	-	(12)	-
Balance after share buy-back	<u>28 813 030</u>	<u>28 813 042</u>	<u>28 813 030</u>	<u>28 813 042</u>
Conversion of Peregrine loan	6 602 722	-	6 602 722	-
Conversion of Alestra loan	6 547 977	-	6 547 977	-
Conversion of Dr Tan loan	12 175 906	-	12 175 906	-
Issue of shares to new shareholder	4 058 440	-	4 058 440	-
Balance at end of the year	<u>58 198 075</u>	<u>28 813 042</u>	<u>58 198 075</u>	<u>28 813 042</u>



# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 13. Ordinary share capital (continued)

	Group		Company	
	2016 R	2015 R	2016 R	2015 R
<b>Share premium</b>				
Balance at beginning of year	13 265 727	13 265 727	13 265 727	13 265 727
Increase in share premium relating to conversion of loans	36 520 416	-	36 520 416	-
Issue of new shares during the year	8 441 560	-	8 441 560	-
Balance at end of year	<u>58 227 703</u>	<u>13 265 727</u>	<u>58 227 703</u>	<u>13 265 727</u>

	Group		Company	
	2016 R	Restated 2015 R	2016 R	Restated 2015 R
<b>14. Revaluation reserve</b>				
Balance at beginning of year	63 095 855	59 150 475	63 095 855	59 150 475
Re-valuation during the year	-	4 850 877	-	4 850 877
Recognition of deferred tax on revaluation reserve	-	(905 497)	-	(905 497)
Change in deferred tax due to CGT inclusion rate	(2 896 203)	-	(2 896 203)	-
	<u>60 199 652</u>	<u>63 095 855</u>	<u>60 199 652</u>	<u>63 095 855</u>
Made up as follows:				
Cumulative revaluation reserve	77 576 871	77 576 871	77 576 871	77 576 871
Cumulative deferred tax	(17 377 219)	(14 481 016)	(17 377 219)	(14 481 016)
Net revaluation reserve	<u>60 199 652</u>	<u>63 095 855</u>	<u>60 199 652</u>	<u>63 095 855</u>

Land was revalued by professional independent valuers in 2015. Refer to note 5 for further details.



# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

	Group		Company	
	2016 R	2015 R	2016 R	2015 R
<b>15. Loans from related parties</b>				
Dr Kim Tan	17 000	27 761 233	17 000	27 761 233
Africarbon (Pty) Ltd	396 779	391 988	-	-
	<u>413 779</u>	<u>28 153 221</u>	<u>17 000</u>	<u>27 761 233</u>

The loan from Africarbon (Pty) Ltd is unsecured, interest free and is repayable after 1 March 2018.

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

	Group		Company	
	2016 R	2015 R	2016 R	2015 R
<b>16. External loans and borrowings</b>				
<i>Development Bank of South Africa</i>				
This loan is interest free for the restructure period from 1 November 2014 to 31 October 2017. The loan is unsecured and was fully repaid on 27 April 2016.	<b>28 976 887</b>	28 976 887	<b>28 976 887</b>	28 976 887
<i>Eastern Cape Development Corporation</i>				
<i>Secured loan:</i>				
This loan was re-negotiated during the year with a portion of the balance written off during the current year. Once the deed of suretyship, cession of book debts as security, cession of concession agreement and cession of director's loan accounts have been cancelled between Kuzuko Lodge Proprietary Limited and Eastern Cape Development Corporation, the loan will be settled. The loan is interest free until date of final settlement.	<b>1 003 337</b>	2 019 724	-	-
Total external loans and borrowings	<b>29 980 224</b>	30 996 611	<b>28 976 887</b>	28 976 887
Less: current portion included in current liabilities	<b>(16 003 337)</b>	( 11 009 862)	<b>(15 000 000)</b>	(10 000 000)
DBSA loan	<b>(15 000 000)</b>	(10 000 000)	<b>(15 000 000)</b>	(10 000 000)
ECDC loan	<b>(1 003 337)</b>	(1 009 862)	-	-
Long term external loans and borrowings	<b>13 976 887</b>	19 986 749	<b>13 976 887</b>	18 976 887

The Development Bank of Southern Africa (DBSA) loan was fully repaid on 27 April 2016. This was achieved through a payment of R15 000 000 on 27 April 2016 and a resulting write off of the remaining balance of R13 976 887 by the DBSA, due to the terms of the re-negotiated loan being met.

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

	Group		Company	
	2016 R	2015 R	2016 R	2015 R
<b>17. Debentures</b>				
Balance at the end of the year	<u>193 457</u>	<u>193 457</u>	<u>193 457</u>	<u>193 457</u>

The unsecured debentures are issued at R12 000 per debenture. The group shall not pay interest in respect of each of the unsecured debentures but will provide bed nights at Kuzuko Lodge game reserve in lieu of interest (refer to note 19). The fair value of the debentures have been calculated based on a discounted cash flow basis utilising a market related interest rate of 10.25% at period end, cash flows of R 24 000 per annum and repayment terms of 12 years.

	Group		Company	
	2016 R	2015 R	2016 R	2015 R
<b>18. Trade and other payables</b>				
Trade payables	2 177 330	1 276 841	1 409 160	6 832
Accruals	1 170 298	1 033 439	124 401	130 303
Other Payables	2 305 594	1 310 864	199 241	189 958
VAT	<u>623 892</u>	<u>228 161</u>	<u>-</u>	<u>12 318</u>
	<u>6 277 114</u>	<u>3 849 305</u>	<u>1 732 802</u>	<u>339 411</u>
			2016 R	2015 R

### 19. Provision

	Group and Company	
Balance at beginning of the year	352 543	352 543
Unwinding of discount	<u>(100 747)</u>	<u>-</u>
Balance at end of the year	<u>251 796</u>	<u>352 543</u>

The provision for bed nights relates to an issue of unsecured debentures (note 17). No interest is payable in respect of the unsecured debentures, the holders of the debentures are entitled to bed nights in lieu of interest at Kuzuko Lodge game reserve.

The provision is based on an average room rate per person sharing discounted using the prime interest rate for a period of 5 nights until the agreements end in 2022.

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 20. Financial instruments

The group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

This note represents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management of financial instruments.

#### 20.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the group's income or the value of its holdings in financial instruments.

##### *Currency risk*

The group is not exposed to currency risk.

##### *Interest rate risk*

The group generally adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis.

#### 20.2 Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's trade and other receivables.

At financial year end date there were no significant concentrations of credit risk as the group does not have any material receivables.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

#### 20.3 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligation as they fall due. The group's approach to managing liquidity risk is to delay the start of payments hence allowing sufficient liquidity to increase to meet its liabilities when due.

The maximum exposure to liquidity risk is represented below in the maturity analysis.

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 20. Financial instruments (continued)

2016 - Company	Carrying amount	Contractual cash flows	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	R	R	R	R	R	R
Secured bank loan:						
- DBSA	28 976 887	28 976 887	15 000 000	13 976 887	-	-
Loans from related parties	17 000	17 000	-	-	17 000	-
Other long term loans	538 257	565 170	-	-	565 170	-
Debentures	193 457	193 457	-	-	-	193 457
Trade and other payables	1 732 802	1 732 802	1 732 802	-	-	-
	<b>31 458 403</b>	<b>31 485 316</b>	<b>16 732 802</b>	<b>13 976 887</b>	<b>582 170</b>	<b>193 457</b>

2016 - Group	Carrying amount	Contractual cash flows	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	R	R	R	R	R	R
Secured bank loan:						
- DBSA	28 976 887	28 976 887	15 000 000	13 976 887	-	-
- ECDC	1 003 337	1 003 337	1 003 337	-	-	-
Loans from related parties	413 779	413 779	-	-	413 779	-
Other long term loans	538 257	565 170	-	-	565 170	-
Debentures	193 457	193 457	-	-	-	193 457
Trade and other payables	6 277 114	6 277 114	6 277 114	-	-	-
	<b>37 402 831</b>	<b>37 429 744</b>	<b>22 280 451</b>	<b>13 976 887</b>	<b>978 949</b>	<b>193 457</b>

2015 - Company	Carrying amount	Contractual cash flows	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	R	R	R	R	R	R
Secured bank loan:						
- DBSA	28 976 887	28 976 887	10 000 000	18 976 887	-	-
Loans from related parties	27 761 233	27 761 233	-	27 761 233	-	-
Other long term loans	34 617 261	34 617 261	-	34 617 261	-	-
Debentures	193 457	193 457	-	-	-	193 457
Trade and other payables	339 411	339 411	339 411	-	-	-
	<b>91 888 249</b>	<b>91 888 249</b>	<b>10 339 411</b>	<b>81 355 381</b>	<b>-</b>	<b>193 457</b>



# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 20. Financial instruments (continued)

2015 - Group	Carrying amount	Contractual cash flows	1 – 12 months	1 – 2 years	2 – 5 years	More than 5 years
	R	R	R	R	R	R
Secured bank loan:						
- DBSA	28 976 887	28 976 887	10 000 000	18 976 887	-	-
- ECDC	2 019 724	2 019 724	1 009 862	1 009 862	-	-
Loans from related parties	28 153 221	28 153 221	-	28 153 221	-	-
Other long term loans	34 617 261	34 617 261	-	34 617 261	-	-
Debentures	193 457	193 457	-	-	-	193 457
Trade and other payables	3 849 305	3 849 305	3 849 305	-	-	-
	97 809 855	97 809 855	14 859 167	82 757 231	-	193 457

#### 20.4 Fair values

The company measures fair values using the following fair value hierarchy that reflects the significance of inputs used in the measurements:

Level 1: Quoted market prices (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation techniques include inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The valuation of investment property is considered to be a level 3 hierarchy and the valuation of biological assets is considered to be a level 2 hierarchy.

#### 20.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all the company's operations.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management. This responsibility is supported by the development of overall company standards for the management of operational risk in the following areas:



# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 20. Financial instruments (continued)

#### 20.5 Operational risk (continued)

- requirements for appropriate segregation of duties, including the independent authorisation of transactions
- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- ethical and business standards
- training and professional development
- risk mitigation, including insurance where this is effective

#### 20.6 Categories and analysis of financial assets and liabilities

2016 - Company Assets	Loans and receivables R	Financial liabilities at amortised cost R	Held-to-maturity R	Total R
Investment in subsidiaries	-	-	569	569
Loans to subsidiaries	1 861 526	-	-	1 861 526
Trade and other receivables	2 131 568	-	-	2 131 568
Cash and cash equivalents	22 381 771	-	-	22 381 771
	<b>26 374 865</b>	-	<b>569</b>	<b>26 375 434</b>
<b>Liabilities</b>				
Interest bearing loans	-	28 976 887	-	28 976 887
Other financial liabilities	-	538 257	-	538 257
Loans from related parties	-	17 000	-	17 000
Trade and other payables	-	1 732 802	-	1 732 802
Debentures	-	193 457	-	193 457
	-	<b>31 458 403</b>	-	<b>31 458 403</b>
<b>2016 - Group Assets</b>				
Trade and other receivables	4 806 513	-	-	4 806 513
Cash and cash equivalents	23 657 595	-	-	23 657 595
	<b>28 464 108</b>	-	-	<b>28 464 108</b>
<b>Liabilities</b>				
Other financial liabilities	-	30 518 481	-	30 518 481
Loans from related parties	-	413 779	-	413 779
Trade and other payables	-	6 277 114	-	6 277 114
Debentures	-	193 457	-	193 457
	-	<b>37 402 831</b>	-	<b>37 402 831</b>

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 20.6 Categories and analysis of financial assets and liabilities (continued)

2015 - Company Assets	Loans and receivables R	Financial liabilities at amortised cost R	Held- to- maturity R	Total R
Investment in subsidiaries	-	-	569	569
Trade and other receivables	1 357 383	-	-	1 357 383
Cash and cash equivalents	16 412 088	-	-	16 412 088
	<u>17 769 471</u>	<u>-</u>	<u>569</u>	<u>17 770 040</u>

#### Liabilities

Interest bearing borrowings	-	28 976 887	-	28 976 887
Other financial liabilities	-	34 617 261	-	34 617 261
Loans from related parties	-	27 761 233	-	27 761 233
Trade and other payables	-	339 411	-	339 411
Debentures	-	193 457	-	193 457
	<u>-</u>	<u>91 888 249</u>	<u>-</u>	<u>91 888 249</u>

2015 - Group Assets	Loans and receivables R	Financial liabilities at amortised cost R	Held-to- maturity R	Total R
Trade and other receivables	2 828 475	-	-	2 828 475
Cash and cash equivalents	16 824 672	-	-	16 824 672
	<u>19 653 147</u>	<u>-</u>	<u>-</u>	<u>19 653 147</u>

#### Liabilities

Interest bearing borrowings	-	30 996 611	-	30 996 611
Other financial liabilities	-	34 617 261	-	34 617 261
Loans from related parties	-	28 153 221	-	28 153 221
Trade and other payables	-	3 849 305	-	3 849 305
Debentures	-	193 457	-	193 457
	<u>-</u>	<u>97 809 855</u>	<u>-</u>	<u>97 809 855</u>

### 21. Other long term loans

	Group		Company	
	2016 R	2015 R	2016 R	2015 R
Loan from Peregrine Limited	-	16 469 435	-	16 469 435
Loan from Alestra Limited	-	17 657 304	-	17 657 304
Loan from Eastgate Investments Limited	<u>538 257</u>	<u>490 522</u>	<u>538 257</u>	<u>490 522</u>
	<u>538 257</u>	<u>34 617 261</u>	<u>538 257</u>	<u>34 617 261</u>

The above loans were advanced to Inqo Investments Ltd in terms of convertible loan agreements.

The Peregrine and Alestra loans were converted to shares at a discount rate of 20%.

The loan from Eastgate Investments Limited bears interest at 5% per annum and is convertible to shares at a discount rate of 10% at the time requested by the issuer of the loan.





# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 22. Related parties

#### 22.1 Identity of related parties

Inqo Investments Limited is the holding company of Kuzuko Lodge Proprietary Limited, and has a 50.1% interest in Spekboom Trading Proprietary Ltd.

Dr Kim Tan is a director of Springhill Management Proprietary Limited and Inqo Investments Limited.

#### 22.2 Material related party transactions

	Group 2016 R	Company 2016 R
<i>Loans (from)/to related parties -</i>		
Dr Kim Tan	(17 000)	(17 000)
Spekboom Trading Proprietary Limited	-	1 060 574
Kuzuko Lodge Proprietary Limited	-	24 644 958
	<u>                    </u>	<u>                    </u>
 <i>Transactions with related parties -</i>		
Rental charged to Kuzuko Lodge Proprietary Limited for use of vehicles	-	236 690
	<u>                    </u>	<u>                    </u>

	Group		Company	
	2016 R	2015 R	2016 R	2015 R
Compensation paid to key management personnel	<u>1 116 000</u>	<u>740 000</u>	<u>636 000</u>	<u>285 000</u>

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

	Group		Company	
	2016 R	2015 R	2016 R	2015 R
<b>23. Notes to the cash flow statement</b>				
<b>23.1 Cash (utilised)/generated by operations</b>				
Operating (loss) /profit before tax	(4 718 271)	8 974 270	(5 087 445)	9 693 744
Adjustments for –				
Depreciation of property, plant and equipment	1 353 334	1 665 319	1 270 771	1 580 546
Amortisation of intangible assets	8 406	2 428	-	-
Unwinding of provision for bed nights	100 747	-	100 747	-
Fair value adjustment	(267 200)	-	(267 200)	-
ECDC loan adjustment	(1 016 387)	-	-	-
Impairment of loan to subsidiary	-	-	1 420 907	1 496 881
Operating (loss)/profit before working capital changes	(4 539 371)	10 642 017	(2 562 220)	12 771 171
Decrease/(increase) in inventories	352 850	(77 701)	341 496	-
(Increase)/decrease in trade and other receivables	(2 245 331)	373 266	(975 679)	(171 237)
Increase/(decrease) in trade and other payables	2 427 809	(1 193 561)	1 393 391	(1 496 239)
	<b>(4 004 043)</b>	<b>9 744 021</b>	<b>(1 803 012)</b>	<b>11 103 695</b>
<b>24. Biological assets</b>				
Buffalo livestock	<b>2 950 200</b>	<b>2 683 000</b>	<b>2 950 200</b>	<b>2 683 000</b>
At 29 February 2016 buffalo comprised: 8 Bulls, 10 cows and 5 calves				
Opening balance	2 683 000	2 576 000	2 683 000	2 576 000
Purchases	-	107 000	-	107 000
Change in fair value, less cost to sell	267 200	-	267 200	-
Closing balance	<b>2 950 200</b>	<b>2 683 000</b>	<b>2 950 200</b>	<b>2 683 000</b>

The company invests in buffalo for breeding and sales purposes.

There are no significant unobservable inputs and the inter-relationship between key unobservable inputs and fair value measurement is not significant.

The valuation technique of buffalo is the market comparison technique. The fair values are based on the market prices of buffalo of similar age, weight and gender.

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 25. Non-controlling interest (NCI)

The table below summarises the information relating to each of the group's subsidiaries that has material NCI, before any intra-group eliminations.

	Kuzuko Lodge (Pty) Ltd	Spekboom Trading (Pty) Ltd	Intra-group eliminations	Total
At 29 February 2016				
NCI percentage	32%	49.9%		
Non-current assets	334 873	882 143		
Current assets	2 809 012	304 148		
Non-current liabilities	(24 644 958)	-		
Current liabilities	(4 224 594)	(7 512)		
Net assets/(liabilities)	(25 725 667)	1 178 779		
Carrying amount of NCI	(8 232 213)	588 211	7 511 441	(132 561)
Revenue	10 650 195	33 523		
Loss	(950 638)	(32 031)		
OCI	-	-		
Total comprehensive income	(950 638)	(32 031)		
Loss allocation to NCI	(304 204)	(15 983)	187 095	(133 092)
OCI allocated to NCI	-	-	-	-
Cash flows from operating activities	(308 348)	(15 597)		
Cash flows from investing activities	(189 501)	(100 809)		
Cash flow from financing activities	1 205 472	272 022		
Net increase in cash and cash equivalents	707 623	155 616		
At 28 February 2015				
NCI percentage	32%	49.9%		
Non-current assets	257 557	781 335		
Current assets	2 915 182	166 163		
Non-current liabilities	(23 432 961)	-		
Current liabilities	(4 514 807)	(8 711)		
Net assets/(liabilities)	(24 775 029)	938 787		
Carrying amount of NCI	(7 928 009)	468 455	7 460 085	531
Revenue	10 741 783	227 247		
Loss	(1 992 798)	(223 557)		
OCI	-	-		
Total comprehensive income	(1 992 798)	(223 557)		
Loss allocation to NCI	(637 695)	(111 555)	749 250	-
OCI allocated to NCI	-	-	-	-
Cash flows from operating activities	(1 582 186)	(237 790)		
Cash flows from investing activities	(122 369)	(421 920)		
Cash flow from financing activities	1 673 583	801 790		
Net change in cash and cash equivalents	(30 972)	142 080		



# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 26. Prior year error

During 2016, the group and company identified that the revaluation reserve has always excluded deferred tax relating to the land revaluation, whereas the revaluation reserve should have been reflected net of deferred tax. In prior years, the company and group has been in a deferred tax asset position which was not recognised due to the uncertainty of the timing of future taxable income. However, due to the change in the capital gains tax rate notified in the February 2016 budget speech, the company and group moved into a deferred tax liability position at 29 February 2016 and deferred tax had to be recognised for the first time. The financial statements have been updated to correctly account for the accumulated deferred tax relating to the revaluation reserve for prior years.

The following table summarises the impact on the company financial statements:

#### Company

Statement of financial position at 28 February 2014	As previously reported R	Adjustments R	As restated R
Property, plant and equipment	113 525 269	-	113 525 269
Other assets	35 068 546	-	35 068 546
<b>Total assets</b>	<b>148 593 815</b>	<b>-</b>	<b>148 593 815</b>
Revaluation reserve	(72 725 994)	13 575 519	(59 150 475)
Accumulated loss	83 120 427	(13 575 519)	69 544 908
Other equity	(42 078 769)	-	(42 078 769)
	<b>(31 684 336)</b>	<b>-</b>	<b>(31 684 336)</b>
<b>Total liabilities</b>	<b>(116 909 479)</b>	<b>-</b>	<b>(116 909 479)</b>
<b>Statement of financial position at 28 February 2015</b>			
Property, plant and equipment	117 675 213	-	117 675 213
Other assets	20 794 536	-	20 794 536
<b>Total assets</b>	<b>138 469 749</b>	<b>-</b>	<b>138 469 749</b>
Revaluation reserve	(77 576 871)	14 481 016	(63 095 855)
Accumulated loss	73 426 683	(14 481 016)	58 945 667
Other equity	(42 078 769)	-	(42 078 769)
	<b>(46 228 957)</b>	<b>-</b>	<b>(46 228 957)</b>
<b>Other total liabilities</b>	<b>(92 240 792)</b>	<b>-</b>	<b>(92 240 792)</b>
	<b>(92 240 792)</b>	<b>-</b>	<b>(92 240 792)</b>
<b>Statement of profit and loss and other comprehensive income for the year ended 28 February 2015</b>			
Gross profit and other income	(15 532 305)	-	(15 532 305)
Selling and administration expenses	6 371 601	-	6 371 601
Net finance income	(533 040)	-	(533 040)
Profit before taxation	(9 693 744)	-	(9 693 744)
Taxation	-	(905 497)	(905 497)
Profit after taxation	(9 693 744)	(905 497)	(10 599 241)
Other comprehensive income	(4 850 877)	905 497	(3 945 380)
<b>Total other comprehensive income</b>	<b>(14 544 621)</b>	<b>-</b>	<b>(14 544 621)</b>

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 26. Prior year error (continued)

#### Group

The following table summarises the impact on the group financial statements:

<b>Statement of financial position at 28 February 2014</b>	As previously reported R	Adjustments R	As restated R
Property, plant and equipment	114 107 073	-	114 107 073
Other assets	37 707 912	-	37 707 912
<b>Total assets</b>	<b>151 814 985</b>	<b>-</b>	<b>151 814 985</b>
Revaluation reserve	(72 725 994)	13 575 519	(59 150 475)
Accumulated loss	85 000 526	(13 575 519)	71 425 007
Other equity	(42 078 769)	-	(42 078 769)
Outside shareholders	(531)	-	(531)
	<b>(29 804 768)</b>	<b>-</b>	<b>(29 804 768)</b>
<b>Total liabilities</b>	<b>(122 010 217)</b>	<b>-</b>	<b>(122 010 217)</b>
<b>Statement of financial position at 28 February 2015</b>			
Property, plant and equipment	118 687 393	-	118 687 393
Other assets	23 104 920	-	23 104 920
<b>Total assets</b>	<b>141 792 313</b>	<b>-</b>	<b>141 792 313</b>
Revaluation reserve	(77 576 871)	14 481 016	(63 095 855)
Accumulated loss	76 026 256	(14 481 016)	61 545 240
Other equity	(42 078 769)	-	(42 078 769)
Outside shareholders	(531)	-	(531)
	<b>(43 629 915)</b>	<b>-</b>	<b>(43 629 915)</b>
<b>Total liabilities</b>	<b>(98 162 398)</b>	<b>-</b>	<b>(98 162 398)</b>
<b>Statement of profit and loss and other comprehensive income for the year ended 28 February 2015</b>			
Gross profit and other income	(24 427 398)	-	(24 427 398)
Selling and administration expenses	15 808 808	-	15 808 808
Net finance income	(355 680)	-	(355 680)
Profit	(8 974 270)	-	(8 974 270)
Tax	-	(905 497)	(905 497)
Profit after tax	(8 974 270)	(905 497)	(9 879 767)
Other comprehensive income	(4 850 877)	905 497	(3 945 380)
<b>Total other comprehensive income</b>	<b>(13 825 147)</b>	<b>-</b>	<b>(13 825 147)</b>

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 27. Earnings per share

The calculation of basic and diluted earnings per share at 29 February 2016 was based on a loss for the year of R7 221 997 (2015: profit of R13 825 147), and a weighted average number of shares of 11 639 615 (2015: 28 813 042) for basic earnings per share and 12 177 872 (2015: 33 878 362) for diluted earnings per share.

Weighted average number of ordinary shares:	<b>2016</b>	2015
Ordinary shares at the beginning of the year	<b>28 813 042</b>	28 813 042
Conversion of shares from R1 to R5 shares	<b>(23 050 436)</b>	-
Impact of issue of shares	<b>5 877 009</b>	-
	<u><b>11 639 615</b></u>	<u>28 813 042</u>

### 28. Standards and interpretations not yet effective

At the date of authorisation of the financial statements of Inqo Investments Limited for the year ended 29 February 2016, the following Standards and Interpretations were in issue but not yet effective:

Standard/Interpretation		Date issued by IASB	Effective date  Periods beginning on or after
IFRS 14	<i>Regulatory Deferral Accounts</i>	January 2014	1 January 2016
IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>	May 2014	1 January 2016
IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	May 2014	1 January 2016
IFRS 15	<i>Revenue from contracts with customers</i>	May 2014	1 January 2018
IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i>	June 2014	1 January 2016
IFRS 9	<i>Financial Instruments</i>	July 2014	1 January 2018
IFRS 16	<i>Leases</i>	January 2016	1 January 2019

None of the above Standards and Interpretations have been early adopted by the company.

# **Inqo Investments Limited and its subsidiaries**

## **Notes to the financial statements**

*for the year ended 29 February 2016*

### **29. Critical accounting estimates, judgements and key assumptions**

The directors have considered the group's critical accounting policies, key sources of uncertainty and areas where critical accounting judgements were required in applying the group's accounting policies.

#### *Critical accounting policies*

The directors are satisfied that the critical accounting policies are appropriate to the group.

#### *Key sources of uncertainty and critical judgements in applying the company's accounting policies*

Information about assumptions and estimated uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 5 – property classification

The company holds land and buildings that are used by the subsidiary company, Kuzuko Lodge (Pty) Ltd to operate a five star game lodge in the Kommadagga area in the Eastern Cape. These land and buildings are not held to earn rental income nor for capital appreciation. Inqo Investments Limited does not charge rental to Kuzuko Lodge (Pty) Ltd for the use of the property and the directors do not intend to charge rental to the subsidiary company into the foreseeable future. A portion of the land owned by Inqo Investments Limited is used for its own purposes for the breeding of buffalo as well as for the planting of spekboom. For these reasons, the property is classified as property, plant and equipment in the separate financial statements of Inqo Investments Limited.

Note 4 and 9 – utilisation of tax losses

Note 7 – impairment losses of loans to subsidiaries

Note 10 – impairment against trade debtors

Note 19 – provision for bad debts on debentures

Note 24 – fair value of biological assets

### **30. Going concern**

The company incurred a net loss before tax for the year ended 29 February 2016 of R5 087 445 (2015: profit of R9 693 744).

The company impaired its loan to Kuzuko Lodge (Pty) Ltd as at 29 February 2016 by a further R890 620 (2015: R 1 496 881) and to Spekboom Trading (Pty) Ltd by R530 287, bringing the total impairment to R23 844 006. The reason for the impairments is due to Kuzuko Lodge (Pty) and Spekboom Trading (Pty) Ltd being insolvent as at 29 February 2016 and 2015, and full recoverability of the loans was not considered probable.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and there is no reason to believe the businesses will not be going concerns in the year ahead.

# Inqo Investments Limited and its subsidiaries

## Notes to the financial statements

for the year ended 29 February 2016

### 31. Subsequent event

The Development Bank of Southern Africa (DBSA) loan was fully repaid on 27 April 2016. This was achieved through a payment of R15 000 000 on 27 April 2016 and a resulting write off of the remaining balance of R13 976 887 by the DBSA, due to the terms of the re-negotiated loan being met.

### 32. Directors and prescribed officers' emoluments

#### 2016: Group and company

Name	Earnings	Bonus	Company contributions	Long term benefits	Fees for Services Rendered	Total
K Tan	-	-	-	-	240 000	240 000
C Bertie	-	-	-	-	300 000	300 000
D Louw	-	-	-	-	96 000	96 000
<b>Total</b>	-	-	-	-	<b>636 000</b>	<b>636 000</b>

#### 2015: Group and company

Name	Earnings	Bonus	Company contributions	Long term benefits	Fees for Services Rendered	Total
K Tan	-	-	-	-	-	-
C Bertie	-	-	-	-	240 000	240 000
D Louw	-	-	-	-	45 000	45 000
<b>Total</b>	-	-	-	-	<b>285 000</b>	<b>285 000</b>

No fees are paid to directors out of the subsidiary companies.