



WELMAC (PTY) LTD
(REGISTRATION NUMBER 2015/258351/07)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

Welmac (Pty) Ltd

Formerly Tawera (Pty) Ltd

(Registration number 2015/258351/07)

Financial Statements for the year ended 31 December 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Farming
Directors	NF Grooss H Claassens
Registered office	Farm Welgevonden LT 36 Louis Trichardt 0920
Postal address	P.O. Box 4458 Polokwane 0699
Holding company	Welgevonden Macadamia Besloten Vennootschap incorporated in Haarlem, The Netherlands
Bankers	First National Bank
Reviewers	Professional Accountants (SA) Proforum Limpopo
Company registration number	2015/258351/07
Tax reference number	9012809258
Level of assurance	These financial statements have been independently reviewed in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The financial statements were independently compiled by: Rentia Smit Professional Accountant (SA)
PI Score	85
PAYE reference number	7640794469
VAT reference number	4370272751

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

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Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 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 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 31 December 2018 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 independent reviewer is responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's independent reviewer and their report is presented on page 4.

The financial statements set out on pages 5 to 21, which have been prepared on the going concern basis, were approved and signed by the directors on 17 April 2018:

NF Grooss

H Claassens



Independent Reviewer's Report

To the shareholder of Welmac (Pty) Ltd

We have reviewed the financial statements of Welmac (Pty) Ltd, set out on pages 7 to 20, which comprise the statement of financial position as at 31 December 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation of the 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Reviewer Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standards on Review Engagements (ISRE) 2400 (Revised), Engagements to Review financial statements. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The independent reviewer performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Unqualified Conclusion

Without qualifying our opinion, we draw attention to note 20 to the financial statements which indicates that the company incurred a net loss of R 6,314,607 for the year ended 31 December 2017 and, as at that date, the company's total liabilities exceeded its total assets by R 9,347,521.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects the financial position of Welmac (Pty) Ltd as at 31 December 2017, 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.

Proforum Limpopo
Professional Accountants (SA)

17 April 2018



SAIPA Pratyk / Practice no: PRAC683

Proforum Limpopo (Pty) Ltd

Reg no: 2016/535195/07

BTW/VAT no: 4750209274

Directors: A.J. Linde CA(SA), CdW Hoogendyk Professional Accountants (SA),

PJJ de Witt Professional Accountant (SA) / H.Dip(Tax)



SAICA Pratyk / Practice no: 20045163

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Directors' Report

The directors have pleasure in submitting their report on the financial statements of Welmac (Pty) Ltd for the year ended 31 December 2017.

1. Incorporation

The company was incorporated on 28 July 2015 and obtained its certificate to commence business on the same day.

2. Nature of business

Welmac (Pty) Ltd was incorporated in South Africa with interests in the Agriculture industry. The company operates in South Africa.

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

3. Review of financial results and activities

The 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.

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

4. Share capital

			2017	2016
Authorised			Number of shares	
Ordinary shares			1,000	1,000
Issued			Number of shares	
Ordinary shares	2017 R	2016 R	2017	2016
	100	100	100	100

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

5. 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 bank loan requirements and perceived need to retain funds for expansion or operating purposes, the directors may pass on the payment of dividends.

No dividends were declared in the current financial year.

6. Directors

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

Directors		Changes
AJ Linde	South African	Resigned 31 January 2017
NF Grooss	Dutch	
H Claassens	South African	Appointed 31 January 2017

7. Holding company

The company's holding company is Welgevonden Macadamia Besloten Vennootschap which holds 100% of the company's equity. Welgevonden Macadamia Besloten Vennootschap is incorporated in Haarlem, The Netherlands.

8. Events after the reporting period

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

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9. Going concern

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

10. Review

The financial statements are subject to an independent review and have been reviewed by Proforum Limpopo

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Statement of Financial Position as at 31 December 2017

	Note(s)	2017 R	2016 R
Assets			
Non-Current Assets			
Property, plant and equipment	3	57,103,790	52,989,353
Biological assets	2	163,676	115,321
Other financial assets	5	89,677	7,752
Deferred tax	6	4,764,770	1,822,192
		62,121,913	54,934,618
Current Assets			
Inventories	7	-	291,961
Trade and other receivables	8	946,684	872,791
Other financial assets	5	1,000	-
Cash and cash equivalents	9	-	3,788
		947,684	1,168,540
Total Assets		63,069,597	56,103,158
Equity and Liabilities			
Equity			
Share capital	10	100	100
Accumulated loss		(9,347,621)	(3,033,014)
		(9,347,521)	(3,032,914)
Liabilities			
Non-Current Liabilities			
Intra-group loan	4	39,325,087	31,289,252
Other financial liabilities	11	18,980,000	20,440,000
Finance lease liabilities	12	232,570	-
Deferred tax	6	1,153,363	642,686
		59,691,020	52,371,938
Current Liabilities			
Trade and other payables	13	288,299	432,194
Other financial liabilities	11	1,460,000	1,460,000
Finance lease liabilities	12	47,483	-
Bank overdraft	9	10,930,316	4,871,940
		12,726,098	6,764,134
Total Liabilities		72,417,118	59,136,072
Total Equity and Liabilities		63,069,597	56,103,158

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Statement of Comprehensive Income

	Note(s)	2017 R	2016 R
Revenue			
Sale of goods in agricultural activities		5,976,415	15,448
Cost of sales		-	-
Other income			
Insurance claim received		4,757	-
Interest received	14	7,435	196,401
		12,192	196,401
Operating expenses			
Accounting fees		(214,389)	(109,131)
Bank charges		(133,371)	(174,849)
Cleaning		(1,862)	(1,838)
Commission paid		(1,983)	-
Computer expenses		(9,833)	(2,999)
Consulting and professional fees		(109,433)	(123,868)
Depreciation, amortisation and impairments		(658,913)	(356,767)
Employee costs		(4,088,198)	(659,326)
Entertainment		(15,836)	(4,414)
Feed		(5,545)	(923)
Fertilisers		(796,546)	(1,186,743)
Fines and penalties		(8,061)	-
Fruit and atchar expenses		(239,374)	(14,420)
Fuel and oil		(373,771)	(92,460)
Insecticides and harvest protection		(653,047)	(188,674)
Insurance		(97,941)	(37,918)
Lease rentals on operating lease		(36,000)	-
Legal expenses		(46,410)	-
Levies		(14,409)	-
Lodge consumables		(1,211)	-
Marketings expenses		(141,518)	(24,024)
Membership fees		(200)	(500)
Packaging		(113,849)	-
Postage		(1,344)	(375)
Printing and stationery		(10,612)	(7,478)
Processing costs		(488,369)	-
Profit and loss on sale of assets and liabilities		(48,992)	-
Protective clothing		(17,116)	(429)
Pruning costs		(46,800)	(67,663)
Repairs and maintenance		(589,676)	(106,591)
Royalties and license fees		(4,090)	-
Seed and seedlings		(37)	(143)
Small tools		(16,367)	-
Soil analysis costs		(23,486)	-
Staff welfare		(4,098)	(81)
Telephone and fax		(43,416)	(7,674)
Training		(3,907)	-
Transport and freight		(136,294)	(24,306)
Travel - local		(2,795)	-
Water and electricity		(82,335)	(292,067)
		(9,281,434)	(3,485,661)

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Statement of Comprehensive Income

	Note(s)	2017 R	2016 R
Operating loss		(3,292,827)	(3,273,812)
Finance costs	15	(5,453,681)	(938,708)
Loss before taxation		(8,746,508)	(4,212,520)
Taxation	16	2,431,901	1,179,506
Loss for the year		(6,314,607)	(3,033,014)
Other comprehensive income		-	-
Total comprehensive loss for the year		(6,314,607)	(3,033,014)

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Statement of Changes in Equity

	Share capital	Accumulated loss	Total equity
	R	R	R
Balance at 01 January 2016	100	-	100
Loss for the year	-	(3,033,014)	(3,033,014)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(3,033,014)	(3,033,014)
Balance at 01 January 2017	100	(3,033,014)	(3,032,914)
Loss for the year	-	(6,314,607)	(6,314,607)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(6,314,607)	(6,314,607)
Balance at 31 December 2017	100	(9,347,621)	(9,347,521)

Note(s)

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Statement of Cash Flows

	Note(s)	2017 R	2016 R
Cash flows from operating activities			
Cash used in operations	17	(2,518,184)	(3,846,004)
Interest income		7,435	196,401
Finance costs		(5,453,681)	(938,708)
Net cash from operating activities		(7,964,430)	(4,588,311)
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(5,022,342)	(53,346,120)
Sale of property, plant and equipment	3	200,000	-
Net movement in financial assets		(82,925)	(7,752)
Purchase of biological assets	2	(48,355)	(115,321)
Net cash from investing activities		(4,953,622)	(53,469,193)
Cash flows from financing activities			
Net movement in other financial liabilities		(1,460,000)	21,900,000
Net movement in shareholders loan		8,035,835	31,289,352
Finance lease payments		280,053	-
Net cash from financing activities		6,855,888	53,189,352
Total cash movement for the year		(6,062,164)	(4,868,152)
Cash at the beginning of the year		(4,868,152)	-
Total cash at end of the year	9	(10,930,316)	(4,868,152)

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Accounting Policies

1. Presentation of financial statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The 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 Biological assets and agricultural produce

Biological assets for which fair value is determinable without undue cost or effort are measured at fair value less costs to sell, with changes in fair value recognised in profit or loss. All other biological assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Agricultural produce is measured at fair value less costs to sell at the point of harvest. Such measurement is regarded as the cost on the date of applying section 13 Inventories. Gains or losses on initial measurement are recognised in profit or loss in the period in which they occur.

1.2 Property, plant and equipment

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

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

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

Item	Depreciation method	Average useful life
Land and buildings	Straight line	undefinite
Plant and machinery	Straight line	5 - 15 years
Furniture and fixtures	Straight line	5 - 10 years
Motor vehicles	Straight line	10 years
Office equipment	Straight line	5 years
Trucks and Tractors	Straight line	10 years
Small Tools	Straight line	1 - 5 years

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

Land is not depreciated

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

1.3 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.

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Accounting Policies

1.3 Financial instruments (continued)

Financial instruments at amortised cost

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

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

1.4 Tax

Current tax assets and liabilities

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

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

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 and for the carry forward of unused tax losses and unused tax credits.

Deferred tax assets and liabilities are measured at an amount that includes the effect of the possible outcomes of a review by the tax authorities using tax rates that, on the basis of enacted or substantively enacted tax law at the end of the reporting period, are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax asset balances are reviewed at every reporting date. When necessary, a valuation allowance is recognised against the deferred tax assets so that the net amount equals the highest amount that is more likely than not to be realised on the basis of current or future taxable profit.

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.

1.5 Leases

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

Finance leases – lessee

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

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

1.6 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.

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Accounting Policies

1.7 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.9 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 sales taxes and discounts.

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

1.10 Borrowing costs

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

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	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Nursery plantation	163,676	-	163,676	115,321	-	115,321

3. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	50,891,682	-	50,891,682	47,777,872	-	47,777,872
Plant and machinery	2,340,736	(361,337)	1,979,399	2,237,953	(136,201)	2,101,752
Furniture and fixtures	124,488	(10,353)	114,135	119,927	(1,817)	118,110
Motor vehicles	486,742	(13,796)	472,946	474,900	(39,704)	435,196
Office equipment	100,854	(18,377)	82,477	63,124	(2,830)	60,294
Trucks and tractors	2,574,000	(429,474)	2,144,526	2,574,000	(172,074)	2,401,926
Small tools	131,260	(31,441)	99,819	98,344	(4,141)	94,203
Irrigation equipment	1,422,956	(104,150)	1,318,806	-	-	-
Total	58,072,718	(968,928)	57,103,790	53,346,120	(356,767)	52,989,353

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Disposals	Depreciation	Total
Land and buildings	47,777,872	3,113,810	-	-	50,891,682
Plant and machinery	2,101,752	102,783	-	(225,136)	1,979,399
Furniture and fixtures	118,110	4,561	-	(8,536)	114,135
Motor vehicles	435,196	307,585	(248,992)	(20,843)	472,946
Office equipment	60,294	37,730	-	(15,547)	82,477
Trucks and tractors	2,401,926	-	-	(257,400)	2,144,526
Small tools	94,203	32,916	-	(27,300)	99,819
Irrigation equipment	-	1,422,957	-	(104,151)	1,318,806
	52,989,353	5,022,342	(248,992)	(658,913)	57,103,790

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Land and buildings	-	47,777,872	-	47,777,872
Plant and machinery	-	2,237,953	(136,201)	2,101,752
Furniture and fixtures	-	119,927	(1,817)	118,110
Motor vehicles	-	474,900	(39,704)	435,196
Office equipment	-	63,124	(2,830)	60,294
Trucks and tractors	-	2,574,000	(172,074)	2,401,926
Irrigation equipment	-	98,344	(4,141)	94,203
	-	53,346,120	(356,767)	52,989,353

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	2017 R	2016 R
3. Property, plant and equipment (continued)		
Property, plant and equipment encumbered as security		
The following assets have been encumbered as security for the secured long-term borrowings 11 & 12:		
Land and buildings	50,891,682	47,777,872
Details of properties		
Farm Welgevonden 36 LT		
Held under Title Deed T67985/2016		
- Purchase price: 29 August 2016	46,743,061	46,743,061
- Additions since purchase or valuation	1,034,811	1,034,811
- Capitalised expenditure 2017	3,113,810	-
	50,891,682	47,777,872
Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.		
4. Loans to (from) shareholders		
Welgevonden Macadamia B.V.	(39,325,087)	(31,289,252)
Unsecured intra-group loan that bears interest at 8.25% per annum and repayment and obligations is subjected to the subordination agreement. The loan has been subordinated in favour of FirstRand Bank Limited until such time that the bank cancel the subordination agreement after repayment of the bank loan and any interest in that respect.		
5. Other financial assets		
At amortised cost		
Albasini Nursery SA (Pty) Ltd	82,566	4,902
Unsecured current account loan that bears no interest and is repayable on demand.		
Macadamia Farm Management (Pty) Ltd	7,111	2,850
Unsecured current account loan that bears no interest and is repayable on demand.		
Fidatu (Pty) Ltd	1,000	-
Unsecured current account loan that bears no interest and is repayable on demand.		
	90,677	7,752
Non-current assets		
At amortised cost	89,677	7,752
Current assets		
At amortised cost	1,000	-
	90,677	7,752

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Notes to the Financial Statements

	2017 R	2016 R
6. Deferred tax		
Deferred tax liability		
Property plant and equipment	(1,153,363)	(642,686)
Deferred tax asset		
Tax losses available for set off against future taxable income	4,764,770	1,822,192
Deferred tax liability	(1,153,363)	(642,686)
Deferred tax asset	4,764,770	1,822,192
Total net deferred tax asset	3,611,407	1,179,506
Reconciliation of deferred tax asset \ (liability)		
At beginning of year	1,179,506	-
Increases (decrease) in tax loss available for set off against future taxable income - gross of valuation allowance	2,942,578	1,822,192
Taxable / (deductible) temporary difference movement on tangible fixed assets	(510,677)	(642,686)
	3,611,407	1,179,506
7. Inventories		
Atchar stock	-	227,777
Packaging material	-	64,184
	-	291,961
8. Trade and other receivables		
Trade receivables	415,797	-
Deposits	530,887	452,437
VAT	-	420,354
	946,684	872,791
9. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	-	3,788
Bank overdraft	(10,930,316)	(4,871,940)
	(10,930,316)	(4,868,152)
Current assets	-	3,788
Current liabilities	(10,930,316)	(4,871,940)
	(10,930,316)	(4,868,152)

Bank overdraft bearing interest at prime rate less 0.50% per annum.

Welmac (Pty) Ltd

Formerly Tawera (Pty) Ltd

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Financial Statements for the year ended 31 December 2017

Notes to the Financial Statements

	2017 R	2016 R
10. Share capital		
Authorised		
1,000 Ordinary shares of R1 each	1,000	1,000
Issued		
Ordinary	100	100
11. Other financial liabilities		
At amortised cost		
First National Bank Limited	20,440,000	21,900,000
Secured long term direct term loan, that bears monthly interest at prime -0.50% per annum and capital is repayable in yearly instalments over 15 years. Interest paid monthly. First mortgage bond to the value of R27,000,000 secured over the Remaining extent of the Farm Welgevonden 36.		
Non-current liabilities		
At amortised cost	18,980,000	20,440,000
Current liabilities		
At amortised cost	1,460,000	1,460,000
	20,440,000	21,900,000
12. Finance lease liabilities		
Minimum lease payments which fall due		
- within one year	71,805	-
- in second to fifth year inclusive	280,692	-
	352,497	-
Less: future finance charges	(72,444)	-
Present value of minimum lease payments	280,053	-
Non-current liabilities	232,570	-
Current liabilities	47,483	-
	280,053	-
It is company policy to lease certain motor vehicles and equipment under finance leases.		
The average lease term is 5 years (2016:- years) and the average effective borrowing rate is 10% (2016: -%).		
The company's obligations under finance leases are secured by the leased assets.		
13. Trade and other payables		
Trade payables	216,904	362,167
VAT	8,345	-
Salaries	-	2,175
PAYE, UIF and SDL	63,050	67,852
	288,299	432,194

Welmac (Pty) Ltd

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Financial Statements for the year ended 31 December 2017

Notes to the Financial Statements

	2017 R	2016 R
14. Investment revenue		
Interest revenue		
Bank	7,435	28
Financial S78(2A) interest	-	196,373
	7,435	196,401
15. Finance costs		
Group companies	2,875,834	-
Non-current borrowings	1,946,316	744,000
Trade and other payables	1,725	-
Bank	629,304	194,708
Late payment of tax	502	-
	5,453,681	938,708
16. Taxation		
Major components of the tax income		
Deferred		
Originating and reversing temporary differences	510,677	642,686
Benefit of unrecognised tax loss / tax credit / temporary difference	(2,942,578)	(1,822,192)
	(2,431,901)	(1,179,506)
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting loss	(8,746,508)	(4,212,520)
Tax at the applicable tax rate of 28% (2016: 28%)	(2,449,022)	(1,179,506)
Tax effect of adjustments on taxable income		
Non deductible expense	15,391	-
Tax loss on sale of asset	1,730	-
	(2,431,901)	(1,179,506)

No provision has been made for 2017 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R 17,017,034 (2016: R 6,507,828).

Welmac (Pty) Ltd

Formerly Tawera (Pty) Ltd

(Registration number 2015/258351/07)

Financial Statements for the year ended 31 December 2017

Notes to the Financial Statements

	2017 R	2016 R
17. Cash used in operations		
Loss before taxation	(8,746,508)	(4,212,520)
Adjustments for:		
Depreciation and amortisation	658,913	356,767
Loss on sale of assets	48,992	-
Interest received	(7,435)	(196,401)
Finance costs	5,453,681	938,708
Changes in working capital:		
Inventories	291,961	(291,961)
Trade and other receivables	(73,893)	(872,791)
Trade and other payables	(143,895)	432,194
	(2,518,184)	(3,846,004)

18. Related parties

Relationships

Holding company

Directors

Welgevonden Macadamia Besloten Vennootschap

H Claassens

19. Directors' remuneration

Executive

2017

	Salary package	Total
H Claassens	1,067,260	1,067,260

20. Going concern

We draw attention to the fact that at 31 December 2017, the company had accumulated losses of R 9,347,621 and that the company's total liabilities exceed its assets by R (9,347,521).

The 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 ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and the ongoing financial support of the shareholder, bankers and the creditors of the company.

Welmac (Pty) Ltd

Formerly Tawera (Pty) Ltd

(Taxpayer reference number 9012809258)

(Registration number 2015/258351/07)

Financial Statements for the year ended 31 December 2017

Tax Computation

	2017 R	2016 R
Net loss per income statement	(8,746,508)	(4,212,520)
Permanent differences (Non-deductible/Non taxable items)		
Other non-deductible amounts debited to the income statement	46,410	-
Fines	8,061	-
Interest, penalties paid in respect of taxes (s23(d))	502	-
Accounting loss on disposal of fixed and / or other assets	48,992	-
	103,965	-
Temporary differences		
Depreciation according to financial statements	658,913	356,767
Machinery, plant, implements, utensils and articles deduction (s12B)	(2,397,748)	(2,508,482)
Wear and tear allowance (s11(e))	(127,828)	(143,593)
	(1,866,663)	(2,295,308)
Capital gains (Local)		
Proceeds	200,000	-
Base cost	(206,175)	-
Capital loss	(6,175)	-
	-	-
Taxable capital gain included @ 80.0% (2016: 66.6%)	-	-
Calculated tax loss for the year	(10,509,206)	(6,507,828)
Assessed loss brought forward	(6,507,828)	-
Assessed loss for 2017	(17,017,034)	(6,507,828)
Tax thereon @ 28% in the Rand	-	-