

HEINEMAN TRUST
(Registration No. IT 70/2001)

ANNUAL FINANCIAL STATEMENTS

29 FEBRUARY 2020



STRYDOM & PARTNERS
— INC. —
TAX | AUDIT | ACCOUNTING

HEINEMAN TRUST
(Registration No. IT 70/2001)

ANNUAL FINANCIAL STATEMENTS
29 FEBRUARY 2020

The following reports and statements are presented by the Trustees:

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HEINEMAN TRUST

GENERAL INFORMATION

Trust name	Heineman Trust
Registration number	IT 70/2001
Country of incorporation and domicile	Republic of South Africa
Nature of business and principal activities	Engen Petrol Station with Convenience Store, Fast Foods and Bakery.
Representative Trustee	Heinrich Tertius Bruyns

Beneficiaries

Beneficiary	Heinrich Bruyns Family Trust
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Registered Office	5 Scott Street Summerstrand Port Elizabeth 6000
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Registration numbers	
Income tax	0006/049/07/6

Disclaimer

This general information is a brief summary of the devolution provisions of the trust deed. Reference should be made to the trust deed to obtain a full understanding of the provisions of this trust.



STRYDOM & PARTNERS
— INC. —

TAX | AUDIT | ACCOUNTING

ACCOUNTANT'S REPORT

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To the beneficiaries of Heineman Trust

We have compiled the annual financial statements of Heineman Trust, based on the information you have provided. These annual financial statements comprise the statement of financial position of Heineman Trust as at 29 February 2020, the statement of comprehensive income, statements of changes in equity and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with the International Standard on Related Services 4410, Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements in accordance with the accounting framework mentioned in the notes. We have compiled with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These annual financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these annual financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these annual financial statements.

SJ Strydom
Strydom & Partners Incorporated
Registered Auditors and Accountants
Port Elizabeth
09 June 2020

HEINEMAN TRUST

(REGISTRATION NUMBER : IT 70/2001)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

Trustees' Responsibilities and Approval

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The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the trust 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 accounting framework mentioned in the notes.


The annual financial statements are presented in the framework as mentioned in the notes and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board of trustees sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the trust and the trustees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risks across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The trustees are of the opinion that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have reviewed the trust's cash flow forecast for the year ended 29 February 2020 and, in the light of this review and the current financial position, they are satisfied that the trust has, or has access to, adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements, which have been prepared on the going concern basis, were approved by the trustees and signed by them on 09 JUNE 2020



Trustee

Trustee

HEINEMAN TRUST

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

Trustees' Report

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The trustees have pleasure in submitting their report on the annual financial statements of Heineman Trust for the year ended 29 February 2020.

1. The Trust

The trust was registered in terms of a trust deed, under jurisdiction of the Master's Office. The trust is an inter vivos trust, and the trustees have discretionary powers with regards to trust capital and income.

2. Nature of business

The core business is fuel and takeaway sales.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with the accounting standard mentioned in the notes. The accounting policies have been consistently applied..

4. Distribution to beneficiaries

Distributions to beneficiaries during the year are made on a discretionary basis.

5. Trustees' benefits

No remuneration was paid to the trustees during the year under review.

6. Trustees

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

- HT Bruyns

7. Going Concern

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

HEINEMAN TRUST

BALANCE SHEET

AS AT 29 FEBRUARY 2020

	Notes	2020 R	2019 R
ASSETS			
Non-current assets		23 399 675	21 855 371
Property, plant and equipment	2	10 131 761	10 450 653
Goodwill	3	339 170	339 170
Loans receivable	4	12 928 744	11 065 548
Current assets		10 850 951	11 327 670
Inventories	5	634 515	1 118 041
Trade receivables	6	9 927 586	9 836 771
Bank and cash balances	7	288 850	372 858
Total assets		<u>34 250 626</u>	<u>33 183 041</u>
EQUITY AND LIABILITIES			
Equity		5 422 337	4 670 798
Undistributed profits		5 422 337	4 670 798
Non-current liabilities		18 933 149	20 206 293
Long-term borrowings	8	4 641 421	6 561 123
Trustee loan : H.T Bruyns		7 438 994	8 792 436
Loans from Beneficiaries	9	6 852 734	4 852 734
Current liabilities		9 895 140	8 305 950
Trade and other payables	10	1 639 578	607 689
Current portion of long-term borrowings		1 009 805	1 146 343
Taxation payable		1 583 440	968 544
Bank overdrafts	11	5 662 318	5 583 374
Total equity and liabilities		<u>34 250 626</u>	<u>33 183 041</u>

HEINEMAN TRUST

INCOME STATEMENT

FOR THE YEAR ENDED 29 FEBRUARY 2020

	Notes	2020 R	2019 R
Revenue		110 473 453	113 000 255
Cost of sales		(92 291 429)	(95 621 415)
Gross profit		<u>18 182 024</u>	<u>17 378 840</u>
Other income		<u>188 093</u>	<u>56 934</u>
Total income		<u>18 370 117</u>	<u>17 435 774</u>
Operating expenses		(9 931 810)	(10 305 160)
Administration expenses		(5 071 872)	(4 549 833)
Profit before taxation		<u>3 366 435</u>	<u>2 580 781</u>
Taxation	12	(614 896)	(261 352)
Net profit for the year		<u>2 751 539</u>	<u>2 319 429</u>
Distributions		(2 000 000)	(2 000 000)
Retained profit for the year		<u><u>751 539</u></u>	<u><u>319 429</u></u>

HEINEMAN TRUST

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2020

	2020 R	2019 R
Revenue	110 473 453	113 000 255
Sales	110 473 453	113 000 255
Cost of sales	(92 291 429)	(95 621 415)
Cost of Sales/ Purchases	91 807 903	95 250 563
Opening Stock	1 118 041	1 488 893
Closing Stock	(634 515)	(1 118 041)
Gross profit	18 182 024	17 378 840
Other income	188 093	56 934
Sundry Income	188 093	56 934
Total Income	18 370 117	17 435 774
Operating expenses	(9 931 810)	(10 305 160)
Small assets	19 102	-
Accounting Fees	25 873	62 798
Advertising and promotions	-	98 459
Bank Charges	758 043	764 067
Computer Expenses	5 215	36 885
Depreciation	373 790	373 790
Entertainment	2 754	119 688
Insurance	254 154	224 920
Interest & Finance Charges	1 176 142	1 367 208
Motor Vehicle Expenses	166 332	152 832
Municipal charges	829 232	1 156 425
Printing & Stationery	59 983	75 817
Repairs & Maintenance	469 983	379 885
Salaries & Wages	5 469 660	5 106 060
Security	32 861	59 168
Telephone & Fax	288 686	327 158
Administration expenses	(5 071 872)	(4 549 833)
Consulting Fees	60 000	44 779
Donations	1 050	-
Franchise fees	4 076 574	3 918 434
Legal Fees	646 951	102 499
Staff Welfare	197 962	193 173
Subscriptions	38 970	17 987
Fines	4 350	-
Travel and accommodation	17 786	210 506
Uniforms	28 229	62 455
Profit before taxation	3 366 435	2 580 781
Taxation	(614 896)	(261 352)
Taxation Expense	614 896	261 352
Net profit for the year	2 751 539	2 319 429
Distributions	(2 000 000)	(2 000 000)
Heinrich Bruyns Family Trust	2 000 000	2 000 000
Retained profit for the year	751 539	319 429

HEINEMAN TRUST

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 29 FEBRUARY 2020

	Trust capital	Revaluation reserve	Undistributed profits	Total
	R	R	R	R
Balance at 28 February 2018	125 100	-	4 226 269	4 351 369
Net profit for the year			2 319 429	2 319 429
Distributions to Beneficiaries			(2 000 000)	(2 000 000)
Balance at 28 February 2019	125 100	-	4 545 698	4 670 798
Net profit for the year			2 751 539	2 751 539
Distributions to Beneficiaries			(2 000 000)	(2 000 000)
Balance at 29 February 2020	125 100	-	5 297 237	5 422 337

HEINEMAN TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

1. Accounting policies

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

Basis of preparation

The financial statements have been prepared on the historical cost basis, except as modified by the revaluation of freehold land and buildings.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Other than freehold land and

	Years
Land and buildings	N/A
Plant and equipment	5 years
Computer equipment	3 years
Equipment	6 years
Motor vehicles	5 years
Leasehold improvements	N/A
Furniture and fittings	N/A

Freehold land and buildings are not depreciated.

Furniture are not depreciated as it is of a personal nature.

Goodwill

Goodwill was purchased and is stated at cost.

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is calculated on a first-in-first-out basis. Estimated realisable value is the estimated selling price in the ordinary course of trade, less any disposal costs.

Revenue

Revenue comprises the invoiced value of sales, recorded in the financial statements at the date goods are delivered to customers or services provided.

Revenue, which excludes Value Added Tax, comprises of the sale of goods, rendering of services and interest received.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue from the rendering of services is recognised on an accrual basis in accordance with the substance of the agreement.

Interest received is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the trust.

HEINEMAN TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

2. Property, plant and equipment	2020			2019		
	Cost / valuation R	Accum. deprec R	Carrying value R	Cost / valuation R	Accum. deprec R	Carrying value R
<i>Owned assets</i>						
Land and buildings	6 394 294	-	6 394 294	6 394 294	-	6 394 294
Plant and equipment	607 500	486 000	121 500	607 500	364 500	243 000
Computer equipment	139 523	139 522	1	139 523	139 522	1
Equipment	1 531 199	1 531 195	4	1 531 199	1 531 195	4
Motor vehicles	1 261 449	1 009 160	252 289	1 261 449	756 870	504 579
Leasehold Improvements	3 191 897	-	3 191 897	3 191 897	-	3 191 897
Furniture and fittings	171 776	-	171 776	116 878	-	116 878
	<u>13 297 638</u>	<u>3 165 877</u>	<u>10 131 761</u>	<u>13 242 740</u>	<u>2 792 087</u>	<u>10 450 653</u>

The carrying amounts can be reconciled as follows:

	Carrying value at beginning of year R	Additions R	Reval. /other R	Disposals R	Deprec. R	Carrying value at end of year R
<i>Owned assets</i>						
Land and buildings	6 394 294	-			-	6 394 294
Plant and equipment	243 000	-			(121 500)	121 500
Computer equipment	1	-			-	1
Equipment	4	-			-	4
Motor vehicles	504 579	-			(252 290)	252 289
Leasehold Improvements	3 191 897	-			-	3 191 897
Furniture and fittings	116 878	54 898			-	171 776
	<u>10 450 653</u>	<u>54 898</u>	<u>-</u>	<u>-</u>	<u>(373 790)</u>	<u>10 131 761</u>

Land and buildings is described as:

- ERF 2208, Summersstrand, Port Elizabeth (Incl. Improvements)	1 868 204	1 868 204
- Springvalley (Incl Improvements)	4 526 090	4 526 090
	<u>6 394 294</u>	<u>6 394 294</u>

3. Goodwill

	2020			2019		
	Cost / valuation R	Accum. Amortisation R	Carrying value R	Cost / valuation R	Accum. Amortisation R	Carrying value R
<i>Owned assets</i>						
Goodwill	339 170	-	339 170	339 170	-	339 170
	<u>339 170</u>	<u>-</u>	<u>339 170</u>	<u>339 170</u>	<u>-</u>	<u>339 170</u>

HEINEMAN TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

	2020 R	2019 R
4. Loans receivable		
Bingo Holdings (Pty) Ltd	5 459	5 459
Bingoprops (Pty) Ltd	7 548	7 548
Cinzano 188 (Pty) Ltd	6 011	6 011
Cutie Pie Props (Pty) Ltd	6 399	6 399
Galactic Deals 117 (Pty) Ltd	3 600 906	3 406 538
Independent Minds 102 (Pty) Ltd	10 234 718	8 766 236
King Rijs Properties CC	17 757	17 757
Koala Bear Property Trust	2 475 782	2 275 436
Panda Bear Property Trust	(841 681)	(841 681)
Superlane 125 (Pty) Ltd	9 592	9 592
Teddybear Consulting Trust	71 130	71 130
Teddybear Enterprises Trust	289 240	289 240
Teddybear Property Trust	(2 386 025)	(2 386 025)
Teddybear Trading Trust	(190 159)	(190 159)
Tinkerbell Trust	(378 776)	(378 776)
Tokkelossie Trust	843	843
	<u>12 928 744</u>	<u>11 065 548</u>

The above loans are unsecured, bear no interest and have no fixed terms of repayment.

5. Inventories

The amounts attributable to different categories are as follows:

Fuel & Shop Inventory	634 515	1 118 041
	<u>634 515</u>	<u>1 118 041</u>

6. Trade receivables

Debtors	35 155	93 116
Deposits	3 500	-
Short Term loans		
- Blue Dot Properties 310 (Pty) Ltd	1 732 700	1 732 700
- Trademodel Five (Pty) Ltd	5 977 911	5 977 911
- Marla van Heerden	499 318	499 318
- Wisdom Opportunities Worldwide (Pty) Ltd	1 679 002	1 533 726
	<u>9 927 586</u>	<u>9 836 771</u>

HEINEMAN TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

	2020 R	2019 R
7. Bank and cash balances		
Bank and cash balances at year end comprise:		
Cash on hand	92 370	112 825
EFT carry over	196 480	259 033
Deposit	-	1 000
	<u>288 850</u>	<u>372 858</u>
8. Long-term borrowings		
<i>a) Installment Sale Agreements</i>		
Liabilities under installment sale agreements payable in monthly installments, bearing interest and secured over fixed assets.	1 191 594	974 536
Less : Current Portion	<u>(262 301)</u>	<u>(398 839)</u>
	<u>929 293</u>	<u>575 697</u>
<i>b) Standard Bank - Term Loan</i>		
Loan bearing interest, secured by a H.T Bruyns' loan account (Trustee), repayable in monthly installments .	1 544 620	2 003 628
Less : Current Portion	<u>(747 504)</u>	<u>(747 504)</u>
	<u>797 116</u>	<u>1 256 124</u>
<i>c) ABSA Mortgage Bonds</i>		
Secured over fixed properties, interest bearing and repayable in monthly installments.	2 915 011	4 729 302
TOTAL LONG TERM LIABILITIES	<u>4 641 421</u>	<u>6 561 123</u>
9. Loans from Beneficiaries		
Heinrich Bruyns Family Trust	<u>6 852 734</u>	<u>4 852 734</u>
10. Trade and other payables		
Fuel Deposits	-	-
SARS	763 407	44 762
Accounts Payable	876 172	562 927
	<u>1 639 579</u>	<u>607 689</u>

HEINEMAN TRUST

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020

	2020 R	2019 R
11. Bank overdrafts		
Bank overdrafts at year end were:	<u>5 662 318</u>	<u>5 583 374</u>
H.T. Bruyns has ceded his loan account as security for bank overdraft facilities.		
12. Taxation		
SA Normal taxation		
Current taxation	614 896	261 352
Tax expense per income statement	<u>614 896</u>	<u>261 352</u>
Tax rate reconciliation		
Accounting profit	1 366 435	580 781
Tax at 45%	<u>614 896</u>	<u>261 351</u>
<i>Non taxable / non deductible differences:</i>		
Permanent differences	-	-
Tax expense	<u>614 896</u>	<u>261 351</u>