

BABUYILE COMMUNITY DEVELOPMENT NPC

Trading as

BABUYILE

(Registration Number 2005/028485/08)

Annual Financial Statements

for the year ended 28 February 2018

BABUYILE COMMUNITY DEVELOPMENT NPC

(Registration Number 2005/028485/08)

Annual Financial Statements for the year ended 28 February 2018

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General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Community Services
MANAGEMENT	Meulenberg Alef Michel
REGISTERED OFFICE	Fancourt Office Park Block10 1 LB Cnr Northumberland North Riding Ext 1 2169
INDEPENDENT AUDITORS	Nathan Maduna CA (SA) - RA 133 Bellairs Drive North Riding Randburg 2192

Independent Auditor's Report

To the Management of Babuyile Community Development NPC

We have audited the annual financial statements of Babuyile Community Development NPC set out on pages 6 to 12, which comprise the statement of financial position as at 28 February 2018, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Annual Financial Statements

The organisation's management is responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and for such internal control as management determines is necessary to enable the preparation of annual 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 annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 annual 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, the annual financial statements present fairly, in all material respects, the financial position of Babuyile Community Development NPC as at 28 February 2018, 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.

Other matter

Without qualifying our opinion we draw attention to the fact that supplementary information set out on pages 13 to 14 do not form part of the annual financial statements and is presented as additional information. We have not audited these schedules and accordingly we do not express an opinion thereon.

23-Aug-18



Nathan Maduna CA (SA)

Practice No. 621524

Registered Auditor

133 Bellairs Drive

North Riding

Randburg

2192

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Annual Financial Statements for the year ended 28 February 2018

Management's Responsibilities and Approval

Management is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the organisation, and explain the transactions and financial position of the business of the organisation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the organisation and supported by reasonable and prudent judgements and estimates.

Management acknowledges that he is ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable management to meet these responsibilities, the management committee 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the organisations business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Management is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources management has no reason to believe that the organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the organisation.

The financial statements have been audited by the independent auditing firm, Nathan Maduna CA (SA) - RA , who have been given unrestricted access to all financial records and related data, including minutes of all meetings. Management believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' unqualified audit report is presented on page 3.

The annual financial statements as set out on pages 6 to 12 were approved by the management committee on 1 July 2018 and were signed on its behalf by:

Meulenberg Alef Michel

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Management's Report

The management committee presents their report for the year ended 28 February 2018.

1. Review of activities

Main business and operations

The principal activity of the organisation is community Services and there were no major changes herein during the year.

The operating results and statement of financial position of the organisation are fully set out in the attached financial statements and do not in my opinion require any further comment.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

4. Management

The management of the organisation during the year and to the date of this report is as follows:

Meulenberg Alef Michel

5. Independent Auditors

Nathan Maduna CA (SA)

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Financial Statements for the year ended 28 February 2018

Statement of Financial Position

Figures in R	Note	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	3	5,003,030	1,239,339
Investments		900,000	-
		5,903,030	1,239,339
Current Assets			
Trade and other receivables		334,809	77,196
Cash and cash equivalents		2,348,363	4,404,822
		2,683,172	4,482,016
Total Assets		8,586,202	5,721,355
Reserves and Liabilities			
Reserves			
Issued capital		1,090	-
Retained earnings		8,525,062	5,721,356
		8,526,152	5,721,356
Current Liabilities			
Trade and other payables		60,050	
Total Reserves and Liabilities		8,586,202	5,721,356

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Statement of Comprehensive Income

Figures in R	2018	2017
Revenue	8,819,063	6,634,772
Other income	-	71,619
Operating costs	(6,198,810)	(4,353,898)
Operating surplus	2,620,253	2,352,493
Finance income	183,564	38,206
Finance costs	(111)	-
Surplus for the year	2,803,706	2,390,699
Retained income at 1 March 2017	5,721,356	3,330,657
Surplus for the year	2,803,706	2,390,699
Retained income at 28 February 2018	8,525,062	5,721,356

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Statement of Changes in Reserves

Figures in R	Owners Contribution	Accumulated surplus	Total
Balance at 1 March 2016	-	3,330,657	3,330,657
Total comprehensive income for the year			
Surplus for the year		2,390,699	2,390,699
Total comprehensive income for the year	-	2,390,699	2,390,699
Balance at 28 February 2017	-	5,721,356	5,721,356
Balance at 1 March 2017	-	5,721,356	5,721,356
Total comprehensive income for the year			
Surplus for the year		2,803,706	2,803,706
Total comprehensive income for the year	-	2,803,706	2,803,706
Issue of share capital	1,090		1,090
Balance at 28 February 2018	1,090	8,525,062	8,526,152

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Statement of Cash Flows

Figures in R	Note	2018	2017
Cash flows from operating activities			
Surplus for the year		2,803,706	2,390,699
<i>Adjustments for:</i>			
Finance costs		111	-
Depreciation of Tangible assets		430,933	182,044
Investment income		(183,564)	(38,206)
Operating cash flow before working capital changes		3,051,186	2,534,537
<i>Working capital changes</i>			
Increase in trade and other receivables		(257,615)	(56,195)
Increase/(decrease) in trade and other payables		60,051	
Cash generated by operating activities		2,853,622	2,478,342
Investment income		183,564	38,206
Finance costs		(111)	-
Net cash from operating activities		3,037,075	2,516,548
Property, plant and equipment acquired	3	(4,349,506)	(82,333)
Other investments		(900,000)	-
Cash flows from financing activities			
Capital issued		1,090	-
Net cash utilised in financing activities		1,090	-
(Decrease)/increase in cash and cash equivalents		(2,056,459)	2,433,883
Cash and cash equivalents at beginning of the year		4,404,822	1,970,939
Cash and cash equivalents at end of the year		2,348,363	4,404,822

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Financial Statements for the year ended 28 February 2018

Accounting Policies

1. General information

Babuyile Community Development NPC is a non-profit organisation.

2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 Income taxes

The association has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act, (the Act) and the receipts and accruals are exempt from income tax in terms of section 10(1)(cN) of the Act.

The public benefit organisation has been approved for purposes of section 18A(1)(a) of the Act and donations to the organisation will be tax deductible in the hands of the donors in terms of and subject to the limitations prescribed in section 18A of the Act

2.2 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Costs 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 charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

Motor vehicles	20.00%
Furniture and fittings	20.00%
Computer equipment	15.00%
Dental Equipment	15.00%
Fixed Assets - Mobile Clinic	10.00%
Phillip X-Ray Machine	20.00%

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Accounting Policies

2.3 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

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Notes to the Annual Financial Statements

Figures in R 2018 2017

3. Property, plant and equipment

	Cost	Accumulated depreciation	2018 Carrying value	Cost	Accumulated depreciation	2017 Carrying value
<i>Owned assets</i>						
Motor vehicles	929,457	127,249	802,208	96,957	34,299	62,658
Furniture and fittings	53,859	2,964	50,895	-	-	-
Computer Equipment	172,599	145,963	26,636	167,600	120,261	47,339
Dental Equipment	12,568	2,062	10,506	9,664	322	9,342
Mobile Clinic	3,290,362	426,410	2,863,952	1,260,000	140,000	1,120,000
Machinery	1,270,000	21,167	1,248,833	-	-	-
	5,728,845	725,815	5,003,030	1,534,221	294,882	1,239,339

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2018 Carrying value at end of year
<i>Owned assets</i>					
Motor vehicles	62,658	866,799	-	(127,249)	802,208
Furniture and fittings	-	53,859	-	(2,964)	50,895
Computer Equipment	47,339	125,260	-	(145,963)	26,636
Dental Equipment	9,342	3,226	-	(2,062)	10,506
Mobile Clinic	1,120,000	2,030,362	-	(286,410)	2,863,952
Phillip X-Ray Machine	-	1,270,000	-	(21,167)	1,248,833
	1,239,339	4,349,506	-	(585,815)	5,003,030

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2017 Carrying value at end of year
<i>Owned assets</i>					
Motor vehicles	96,957	-	-	(34,299)	62,658
Computer Equipment	167,600	-	-	(120,261)	47,339
Dental Equipment	9,664	-	-	(322)	9,342
Mobile Clinic	1,260,000	-	-	(140,000)	1,120,000
	1,553,621	-	-	(314,282)	1,239,339

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Detailed Income Statement

Figures in R	2018	2017
Gross Revenue		
Donation Income	8,121,442	6,634,772
Other income	697,621	-
	<u>8,819,063</u>	<u>6,634,772</u>
Other Income		
Investment income	183,564	38,206
Sundry income	-	71,619
	<u>183,564</u>	<u>109,825</u>
	<u>9,002,627</u>	<u>6,744,597</u>

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Detailed Income Statement

Figures in R	2018	2017
Expenditure		
Accounting fees	47,714	46,500
Advertising	25,810	27,076
Bank charges	17,242	11,398
Cleaning	8,500	3,250
Commission	427	-
Computer expenses	77,334	20,306
Consulting fees	40,125	46,643
Depreciation - Tangible assets	430,933	182,044
Donations	384,023	369,494
Educational Expenses	172,172	149,702
Electricity and water	45,586	30,770
Employee Bonuses	16,000	-
Entertainment	117,868	45,738
Finance costs	111	-
General expenses	891,998	422,505
Insurance	135,551	51,962
Leasing& Hire Cost	7,817	92,865
Marketing	46,533	-
Motor vehicle expense	148,375	71,578
Office Supplies	29,298	-
PAYE	230,864	-
Petrol and oil	2,990	-
Printing and stationery	34,432	29,696
Professional services	9,462	17,794
Rental Paid	441,699	116,981
Repairs and maintenance	185,788	294,268
Salaries	2,224,089	2,155,376
SDL	24,491	-
Security	3,537	600
Staff Training	-	40,130
Staff Training	14,535	41,069
Staff welfare	261,956	10,312
Subscriptions	-	5,000
Telephone and fax	42,818	53,541
Travel - local	40,329	17,300
UIF	38,514	-
	<u>6,198,921</u>	<u>4,353,898</u>
Surplus for the year	<u>2,803,706</u>	<u>2,390,699</u>

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