

VASTFONTEIN COMMUNITY TRANSFORMATION NPC

(Registration number 2003/003122/08)

**Annual Financial Statements
for the year ended 28 February 2017**

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INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF VASTFONTEIN COMMUNITY TRANSFORMATION NPC

Report on the Financial Statements

We have audited the accompanying financial statements of the company, which comprise the statement of financial position as at 28 February 2017, and the statement of comprehensive income and cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 3 to 13.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small and Medium Sized Entities and the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

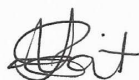
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether 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 judgment, 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, the financial statements present fairly, in all material respects, the financial position of the company as of 28 February 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium Sized Entities and in the manner required by the Companies Act of South Africa.



EXCEPTIONAL AUDITING SOLUTIONS
REGISTERED AUDITORS
PRACTICE NUMBER 901394

PRETORIA
11 May 2017

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COMPANY INFORMATION

Country of incorporation	South Africa
Nature of business	Public benefit organisation
Directors	J H E Du Plessis D E Engelbrecht J M G Grobler M F Pitso H R Menkveld A Van Der Merwe M Fourie
Company Secretary	Cardakon Beleggings CC
Business address	Plot 131 Vastfontein Pretoria 0120
Postal address	P O Box 783 Pyramid 0120
Bankers	ABSA
Auditor	Exceptional Auditing Solutions Chartered Accountants (SA) Registered Auditors
Registration number	2003/003122/08

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REPORT OF THE DIRECTORS

Report of the Directors for the year ended 28 February 2017.

The directors present their report for the year ended 28 February 2017. This report forms part of the annual financial statements.

1 General review

The company's business and operations and the results thereof are clearly reflected in the attached annual financial statements. No material fact or circumstance has occurred between the accounting date and the date of this report.

2 Nature of activities and other financial matters

The company's main purpose is to transform the Vastfontein and surrounding communities through upliftment projects such as education and training, a care centre for orphans as well as bringing the Gospel to the community.

3 Statements of responsibility

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The auditors are responsible to report on the fair presentation of the annual financial statements. The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act, 2008 and Companies Regulations, 2011 as amended.

The directors are also responsible for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The annual financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future.

4 Financial results

The results of the company and the state of its affairs are set out in the attached annual financial statements and do not, in our opinion, require further comments.

5 Incorporation

The company was incorporated on 12 February 2003.

6 Directors

The directors of the company during the accounting period and up to the date of this report were:

J H E Du Plessis	
D E Engelbrecht	
J M G Grobler	
M F Pitso	
H R Menkveld	
A Van Der Merwe	Appointed 01 June 2016
M Fourie	Appointed 15 February 2016; not yet submitted to CIPC
H Saayman	Resign 11 April 2016
A C Bothma	Resign 13 November 2016

7 Auditors

Exceptional Auditing Solutions will continue in office in accordance with Section 90 of the Companies Act, 2008 and Companies Regulations, 2011 as amended.

These audited annual financial statements were approved by the board of directors of the company on _____ and signed by the chairman of the board.

CHAIRMAN

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STATEMENT OF FINANCIAL POSITION

		2017	2016
<u>ASSETS</u>			
Non-current assets		14,665,920	14,848,459
Property, plant and equipment	2	14,665,920	14,848,459
Current assets		1,490,374	194,370
Cash and cash equivalents	3	1,484,730	178,199
Trade and other receivables	4	5,644	16,171
<u>TOTAL ASSETS</u>		R 16,156,294	R 15,042,829
 <u>EQUITY AND LIABILITIES</u>			
Capital and reserves		16,079,108	14,796,608
Accumulated profit		8,584,754	7,302,254
Revaluation of property surplus		7,494,354	7,494,354
Non-current liabilities		-	-
Current liabilities		77,186	246,221
Trade and other payables	5	77,186	-
Bank overdraft		-	246,221
<u>TOTAL EQUITY AND LIABILITIES</u>		R 16,156,294	R 15,042,829

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STATEMENT OF COMPREHENSIVE INCOME

	2017	2016
Gross revenue	8,489,941	7,581,385
Operating costs	(7,198,328)	(8,222,304)
Operating surplus / (loss)	1,291,614	(640,919)
Interest received	3,591	8,767
Finance costs	(12,705)	(1,147)
Surplus / (loss) before taxation	1,282,500	(633,299)
Taxation	7	-
Surplus / (loss) before capital donations received	1,282,500	(633,299)
Capital donations received	-	946,192
Net surplus / (loss)	R 1,282,500	R 312,893

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STATEMENT OF CHANGES IN EQUITY

	Accumulated surplus / (loss)	Revaluation of property surplus	Total
Balance at 1 March 2015	6,989,361	7,494,354	14,483,715
Net surplus / (loss) for the year	312,893		312,893
Balance at 1 March 2016	7,302,254	7,494,354	14,796,608
Net surplus / (loss) for the year	1,282,500		1,282,500
Balance at 28 February 2017	R 8,584,754	R 7,494,354	R 16,079,108

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STATEMENT OF CASH FLOWS

	2017	2016
Cash flows from operating activities	1,588,486	506,831
Cash generated by / (utilised in) operating activities	1,597,600	499,211
Interest received	3,591	8,767
Interest paid	(12,705)	(1,147)
Cash flows from investing activities	(35,735)	(922,275)
<i>Expenditure to maintain operating capacity</i>		
Property, plant and equipment acquired	(35,735)	(922,275)
Disposal of property, plant and equipment	-	-
Cash flows from financing activities	-	-
Loans raised / (repaid)	-	-
Increase / (decrease) in cash and cash equivalents	1,552,752	(415,444)
Cash and cash equivalents at beginning of the year	(68,022)	347,423
Cash and cash equivalents at end of the year	R 1,484,730	R (68,022)

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1 Accounting Policies

The following are the principal accounting policies of the company, which conform in all material respects with those applied in the previous financial year, unless otherwise stated.

1.1 Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS); the Companies Act of South Africa, 2008 and Companies Regulations, 2011 as amended. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

1.2 Revenue recognition

Income comprises of buildings and donations received as well as income generated from fundraising activities. Buildings received is recognised as and when the building is completed and for the value as indicated by the donor. Income is recognised with initial entry in the accounting records.

1.3 Financial instruments

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

1.5 Cash flows

For the purposes of the cash flow statement, cash includes cash on hand, deposits held at banks, investments in money market instruments and overdrawn bank accounts

1.6 Comparative figures

Where necessary, comparative figures have been adjusted in order to correspond with changes in presentation in the current year.

1.7 Property, plant and equipment

All property, plant and equipment are initially recorded at cost or at the value as indicated by the donor.

Property, plant and equipment with an initial cost of R7 000,00 or less are not capitalised as part of property, plant and equipment. The cost will be deemed as an expense, and 100% of it will be written off in the income statement as part part of "Small tools and equipment".

Depreciation is calculated in the straight-line method to write off the cost of each asset, or the revauled amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

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1.7 Property, plant and equipment

Computer equipment	33.33%
Digital hub	5.00%
Furniture and fittings	10.00%
Machinery	16.67%
Motor vehicles	20.00%

2 Property, plant and equipment

	2017			2016		
	Cost / valuation	Accumulated depreciation	Carrying value	Cost / valuation	Accumulated depreciation	Carrying value
Owned assets						
Computer equipment	352,133	(320,707)	31,426	352,133	(203,341)	148,792
Digital Hub	854,318	(127,894)	726,424	854,318	(85,178)	769,140
Furniture and fittings	193,711	(131,306)	62,404	193,711	(111,935)	81,776
Land and buildings	13,802,380	-	13,802,380	13,766,645	-	13,766,645
Machinery	27,423	(25,521)	1,902	27,423	(20,950)	6,473
Motor vehicles	171,245	(129,861)	41,384	171,245	(95,612)	75,633
	R 15,401,209	R (735,289)	R 14,665,920	R 15,365,474	R (517,016)	R 14,848,459

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

	Carrying value at beginning of year	Depreciation	Acquisition	Disposal	Carrying value at end of year
Owned assets					
Computer equipment	148,792	(117,366)	-	-	31,426
Digital Hub	769,140	(42,716)	-	-	726,424
Furniture and fittings	81,776	(19,371)	-	-	62,404
Land and buildings	13,766,645	-	35,735	-	13,802,380
Machinery	6,473	(4,571)	-	-	1,902
Motor vehicles	75,633	(34,249)	-	-	41,384
	R 14,848,459	R (218,273)	R 35,735	R -	R 14,665,920

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	2017	2016
2 Property, plant and equipment (continued...)		
Land and buildings:		
- Portion 131 (portion of portion 15) of the farm Vastfontein 271 J.R.		
- Cost	475,000	475,000
- Expenses capitalised	1,034,417	1,034,417
- Improvements	2,620,819	2,585,084
- Revaluation 2008	2,435,458	2,435,458
- Revaluation 2012	5,058,895	5,058,895
- Portion 111 (portion of portion 15) of the farm Vastfontein 271 J.R.		
- Cost	1,500,000	1,500,000
- Improvements	3,827	3,827
- Portion 3 (A portion of portion 2) of the farm Hammanskraal 12 J.R.		
- Cost	673,964	673,964
	R 13,802,380	R 13,766,645
3 Cash and cash equivalents		
Cash and cash equivalents consists of:		
- Bank balances	1,483,828	165,770
- Cash on hand	901	12,429
	R 1,484,730	R 178,199
4 Trade and other receivables		
Trade and other receivables consists of:		
- Trade debtors	-	10,427
- Staff loans	5,644	5,744
	R 5,644	R 16,171
5 Trade and other payables		
Trade and other payables consists of:		
- Trade creditors	77,186	-
	R 77,186	R -

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2017	2016
6 Cash generated from operations		
Cash generated by / (utilised in) operating activities		
Net surplus / (loss) before taxation	1,282,500	(633,299)
Adjustments for:		
Interest received	(3,591)	(8,767)
Interest paid	12,705	1,147
Depreciation	218,273	215,435
Capital donations received	-	946,192
Movements in working capital	1,509,887	520,708
(Increase) / decrease in accounts receivable	10,527	(1,277)
Increase / (decrease) in accounts payable	77,186	(20,220)
	R 1,597,600	R 499,211

7 Taxation

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