

**KWACARE MINISTRY OF HIS CHURCH
(REG NO. 2000/005376/08)**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDING
28 FEBRUARY 2011**

KWCARE MINISTRY OF HIS CHURCH
(Registration No. 2000/005376/08)

ANNUAL FINANCIAL STATEMENTS
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The following reports and statements are presented in compliance with the Companies Act:

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Approval and statement of responsibility

The directors of the company 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 financial statements. The financial statements have been prepared in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities and in the manner required by the Companies Act, 1973.

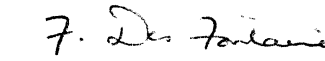
The directors are also responsible for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect material 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 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.

The annual financial statements set out on pages 4 to 12 are the responsibility of the directors and have been approved for issue by the directors and are hereby signed on their behalf by:



Director



Director

Kloof
08 April 2011

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
KWACARE MINISTRY OF HIS CHURCH**

Report on the financial statements

We have audited the annual financial statements of Kwacare Ministry of His Church, which comprise the directors' report, the balance sheet as at 28 February 2011, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 12.

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 South African Statements of Generally Accepted Accounting Practice for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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 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 the directors, 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.

Qualification


In common with similar organisations, it is not feasible to institute accounting controls over cash collection prior to initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Opinion

In our opinion, except for the matter discussed in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the company as of 28 February 2011, and its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa.

Supplementary information

Without qualifying our opinion, we draw attention to the fact that the supplementary schedule set out on page 13 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly do not express an opinion on it.



.....
Liebenberg Fraser
Registered Auditors

Kloof
08 April 2011

KWACARE MINISTRY OF HIS CHURCH

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2011

The directors have pleasure in submitting their report together with the audited annual financial statements for the year ended 28 February 2011.

General review

Kwacare Ministry of His Church is a non-profit company incorporated in the Republic of South Africa, and is administered in accordance with the provisions set out in Section 21 of the Companies Act, 1973. The principal activities of the company are social and spiritual upliftment of the community.

No matter which is material to the financial affairs of the company has occurred between 28 February 2011 and the date of approval of the financial statements.

Statements of responsibility

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information.

The auditors are responsible to report on the fair presentation of the financial statements. The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice for Small and Medium-sized Entities, and in the manner required by the Companies Act, 1973.

The directors are also responsible for the company's system of internal financial controls. This is designed to provide reasonable, but not absolute, assurance as to the reliability of the 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 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.

Financial results

The results of the company for the year under review are fully set out in the attached financial statements and require no further comment.

Post balance sheet events

No material fact or circumstance, which requires comment, has occurred between the accounting date and the date of this report.

Directors

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

J Baumgardt
J Curle
F Des Fontaine
C Pilkington - resigned 28 February 2011
D Pilkington - resigned 28 February 2011
C Watson - appointed 1 March 2011
M Myeza - appointed 1 March 2011

Auditors

Liebenberg Fraser will continue in office in accordance with section 270(2) of the Companies Act.

KWACARE MINISTRY OF HIS CHURCH

BALANCE SHEET AT 28 FEBRUARY 2011

	Notes	2011 R	2010 R
ASSETS			
Non-current assets			
Property, plant and equipment	2	558,656	552,408
		558,656	552,408
Current assets			
Trade receivables		303,583	417,302
Other receivables and prepayments		-	9,710
Bank and cash balances		14,000	5,043
		289,583	402,549
Total assets		<u>862,239</u>	<u>969,710</u>
EQUITY AND LIABILITIES			
Equity			
Retained earnings		609,547	705,750
		609,547	705,750
Non-current liabilities			
Long-term borrowings	4	85,626	96,824
		85,626	96,824
Current liabilities			
Trade and other payables	5	167,066	167,136
Current portion of long-term borrowings	4	153,066	160,169
		14,000	6,967
Total equity and liabilities		<u>862,239</u>	<u>969,710</u>

KWACARE MINISTRY OF HIS CHURCH

INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2011

	2011	2010
	R	R
Revenue	1,132,707	1,701,931
Other income	23,695	38,265
Total income	<u>1,156,402</u>	<u>1,740,196</u>
Operating expenses	1,244,083	1,669,122
Finance expenses	8,522	10,610
(Loss) / profit for the year	<u><u>(96,203)</u></u>	<u><u>60,464</u></u>

KWACARE MINISTRY OF HIS CHURCH

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2011

	Retained earnings R	Total R
Balance at 28 February 2009	645,286	645,286
Net profit for the period	60,464	60,464
Balance at 28 February 2010	<u>705,750</u>	<u>705,750</u>
Net loss for the period	(96,203)	(96,203)
Balance at 28 February 2011	<u><u>609,547</u></u>	<u><u>609,547</u></u>

KWACARE MINISTRY OF HIS CHURCH

CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2011

	Notes	2011 R	2010 R
Net cash (utilised by) / retained in operating activities		(62,433)	204,616
Cash receipts from customers		1,142,417	1,692,221
Cash paid to suppliers and employees		(1,220,023)	(1,515,260)
Cash generated / (withdrawn) from operating activities	6.1	(77,606)	176,961
Interest received		23,695	12,465
Interest paid		(8,522)	(10,610)
Sundry income		-	25,800
Cash flows from investing activities		(46,368)	90,000
Purchase of property, plant and equipment	6.2	(46,368)	-
To increase operating capacity		(46,368)	-
Repayments of loans receivable		-	90,000
Cash flows from financing activities		(4,165)	(2,920)
Payment of long-term borrowings		(4,165)	(2,920)
Net (decrease) / increase in cash and cash equivalents		(112,966)	291,696
Cash and cash equivalents at beginning of period		402,548	110,852
Cash and cash equivalents at end of period	6.3	289,582	402,548

KWACARE MINISTRY OF HIS CHURCH

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2011**

1. Basis of preparation and accounting policies

The basis of preparation and principal accounting policies of the company, are consistent in all material respects with those applied in the previous year, except as otherwise indicated.

Basis of preparation

The financial statements have been prepared on the historical cost basis and in accordance with the Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is recorded by a charge to income computed on the straight line basis so as to write off the asset over their expected useful lives. Land and buildings are not depreciated.

	Useful life
Computer equipment	5 years
Motor vehicles	5 years
Furniture & fittings	5 years

Revenue

Revenue comprises of offerings and donations received from the congregation and the community, these are recognised on physical receipt of the funds.

Cash flows

For the purposes of the cash flow statement, cash includes cash on hand, deposits held on call with banks, investments in money market instruments, and bank overdrafts.

Comparative figures

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

Government grants

Government grants relate to income and are recognised as income when the amounts are received.

2. Property, plant and equipment

	2011			2010		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Land and buildings	441,347	-	441,347	441,347	-	441,347
Computer equipment	7,819	(5,864)	1,955	7,819	(3,258)	4,561
Motor vehicles	187,000	(72,900)	114,100	142,000	(35,500)	106,500
	<u>637,534</u>	<u>(78,878)</u>	<u>558,656</u>	<u>591,166</u>	<u>(38,758)</u>	<u>552,408</u>

KWACARE MINISTRY OF HIS CHURCH

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2011**

The carrying amounts for 2010 can be reconciled as follows:

	Carrying value at beginning of year R	Additions R	Other R	Disposals R	Depreciation R	Carrying value at end of year R
Land and buildings	441,347	-	-	-	-	441,347
Computer equipment	-	7,819	-	-	(3,258)	4,561
Motor vehicles	-	142,000	-	-	(35,500)	106,500
	<u>441,347</u>	<u>149,819</u>	<u>-</u>	<u>-</u>	<u>(38,758)</u>	<u>552,408</u>

The carrying amounts for 2011 can be reconciled as follows:

	Carrying value at beginning of year R	Additions R	Revaluation R	Disposals R	Depreciation R	Carrying value at end of year R
Land and buildings	441,347	-	-	-	-	441,347
Computer equipment	4,561	-	-	-	(2,606)	1,955
Motor vehicles	106,500	45,000	-	-	(37,400)	114,100
	<u>552,408</u>	<u>46,368</u>	<u>-</u>	<u>-</u>	<u>(40,120)</u>	<u>558,656</u>

Land and buildings are described as:

Erf 3200 situated at number 4 Balfour Raod in the administrative district of Pinetown, Kwazulu-Natal, and is in extent of 1342 square metres.

	2011 R	2010 R
3. Loans receivable		
<i>His Church</i>		
Balance at beginning of year	-	90,000
Advances	-	340,000
Repayments	-	(430,000)
Balance at end of year	<u>-</u>	<u>-</u>

The above loan was repaid in 2010.

4. Long-term borrowings

ABSA Ltd Access Mortgage Bond

Balance outstanding	99,626	103,791
Less: Current portion of long term liabilities	(14,000)	(6,967)
	<u>85,626</u>	<u>96,824</u>

Loan bearing interest at 7.5% (2010 - 9%) per annum secured by a mortgage on the company's freehold land and buildings and repayable in monthly instalments of R1,753 (2010 - R1,745).

5. Trade and other payables

Sundry creditors	35,141	55,217
Advance contributions received	117,925	104,952
	<u>153,066</u>	<u>160,169</u>

KWACARE MINISTRY OF HIS CHURCH

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2011**

	2011	2010
	R	R
6. Notes to the cash flow statement		
6.1 Reconciliation of net (loss) / profit before taxation to cash flow from operations		
Net (loss) / profit before taxation	(96,203)	60,463
Adjustments for :		
Depreciation	40,120	31,006
Sundry income	-	(25,800)
Interest received	(23,695)	(12,465)
Finance expenses - net	8,522	10,610
Operating (loss) / profit before working capital changes	(71,256)	63,814
Working capital changes		
Decrease / (increase) in trade receivables	11,210	(9,710)
Increase in prepayments and other receivables	(8,957)	(1,000)
(Decrease) / increase in trade and other payables	(8,603)	123,857
Cash (withdrawn) / generated from operations	(77,606)	176,961

6.2 Property, plant and equipment

During the period, the company acquired property, plant and equipment with a cost of R 46,368 (2010 - Rnil).

6.3 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Bank and cash balances	289,583	402,549
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7. Related party disclosures

There were related party transactions with His Church, which is an associate organisation and includes transactions disclosed in note 3 and the following:

Administration fees	328,443	551,561
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8. Financial assets

Other receivables and prepayments comprise of deposits and staff loans.

The directors consider that the carrying amount of trade and other receivables approximates their fair value.

Bank balances and cash comprise cash held by the company and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximates their fair value.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables and investments, which represent the company's maximum exposure to credit risk in relation to financial assets.

KWACARE MINISTRY OF HIS CHURCH

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
28 FEBRUARY 2011**

9. Financial liabilities

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken to pay is 30 days. The directors consider that the carrying value of trade payables approximates to their fair value.

10. Government grants

During the year an amount of Rnil (2010 - R25,800) was received from government for child welfare purposes. The full value of the grant is recognised in income in the current year.

KWACARE MINISTRY OF HIS CHURCH

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2011**

	2011	2010
	R	R
Revenue	1,132,707	1,701,931
Donations received	1,132,707	1,701,931
Other income	23,695	38,265
Interest Received	23,695	12,465
Government Grants	-	25,800
Total income	1,156,402	1,740,196
Operating expenses	1,244,083	1,669,123
Accounting fees	5,331	20,520
Administration fees	328,443	551,561
Audit fees	39,900	-
Bank charges	7,727	10,928
Clothing	1,586	6,014
Computer expenses	2,825	12,372
Consumables	370,372	479,315
Depreciation	40,120	31,006
Development expenditure	32,570	88,003
Electricity and water	27,263	16,240
Furniture and equipment	20,112	-
General expenses / sundry	17,863	104,375
Gifts and donations	10,467	39,364
Insurance	11,372	-
Legal fees	-	1,492
Marketing expense	16,750	-
Medical expenses	1,464	24,270
Motor vehicle expenses	54,270	36,729
Printing and stationery	24,416	19,789
Rates	9,478	9,345
Rent	383	44,000
Repairs and maintenance	69,159	107,861
Travel expenses	34,007	49,481
Volunteer expenses	30,713	16,458
Finance expenses	8,522	10,610
Interest Paid	8,522	10,610
Net (loss) / profit for the period	(96,203)	60,463