

**KWACARE NPC  
(REG NO. 2000/005376/08)**

**ANNUAL FINANCIAL STATEMENTS  
29 FEBRUARY 2012**

KWACARE NPC  
(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 International Financial Reporting Standards for Small and Medium-sized Entities and in the manner required by the Companies Act, 2008.

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  
26 April 2012



LIEBENBERG FRASER

chartered accountants • registered auditors

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
KWACARE NPC**

**Report on the financial statements**

We have audited the annual financial statements of Kwacare NPC, which comprise the directors' report, the balance sheet as at 29 February 2012, 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 International Financial Reporting Standards 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 29 February 2012, and 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.



**LIEBENBERG FRASER**

chartered accountants • registered auditors

**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.

.....  
**Martin van Huyssteen**  
**Liebenberg Fraser**  
**Registered Auditors**

Kloof  
26 April 2012

## KWACARE NPC

### DIRECTORS' REPORT FOR THE YEAR ENDED 29 FEBRUARY 2012

The directors have pleasure in submitting their report together with the audited annual financial statements for the year ended 29 February 2012.

#### General review

Kwacare NPC is a non-profit company incorporated in the Republic of South Africa, and is administered in accordance with the provisions set out in the Companies Act, 2008. 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 29 February 2012 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 International Financial Reporting Standards for Small and Medium-sized Entities, and in the manner required by the Companies Act, 2008.

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 Curle - Chairperson

J Baumgardt

F Des Fontaine

C Watson - appointed 1 March 2011

M Myeza - appointed 1 March 2011

#### Auditors

Liebenberg Fraser will continue in office in accordance with the Companies Act, 2008.

KWACARE NPC

BALANCE SHEET AT 29 FEBRUARY 2012

	Notes	2012 R	2011 R
<b>ASSETS</b>			
<b>Non-current assets</b>		484,561	558,656
Property, plant and equipment	2	469,374	558,656
Loans receivable	3	15,187	-
<b>Current assets</b>		650,467	303,583
Other receivables and prepayments		103,240	14,000
Bank and cash balances		547,227	289,583
<b>Total assets</b>		<u>1,135,028</u>	<u>862,239</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		1,012,163	609,547
Retained earnings		1,012,163	609,547
<b>Non-current liabilities</b>		82,264	85,626
Long-term borrowings	4	82,264	85,626
<b>Current liabilities</b>		40,601	167,066
Trade and other payables	5	30,138	153,066
Current portion of long-term borrowings	4	10,463	14,000
<b>Total equity and liabilities</b>		<u>1,135,028</u>	<u>862,239</u>

KWACARE NPC

INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2012

	2012 R	2011 R
Revenue	1,329,301	1,132,707
Other income	76,851	23,695
<b>Total income</b>	<u>1,406,152</u>	<u>1,156,402</u>
Project costs	644,182	803,046
Operating expenses	352,128	441,037
Finance expenses	7,226	8,522
<b>Profit / (loss) for the year</b>	<u><u>402,616</u></u>	<u><u>(96,203)</u></u>

KWACARE NPC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 29 FEBRUARY 2012

	Retained earnings R	Total R
Balance at 28 February 2010	705,750	705,750
Net loss for the period	(96,203)	(96,203)
Balance at 28 February 2011	<u>609,547</u>	<u>609,547</u>
Net profit for the period	402,616	402,616
Balance at 29 February 2012	<u><u>1,012,163</u></u>	<u><u>1,012,163</u></u>



KWACARE NPC

CASH FLOW STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2012

	Notes	2012 R	2011 R
<b>Net cash retained in / (withdrawn from) operating activities</b>		171,057	(62,433)
Cash receipts from customers		1,329,301	1,132,707
Cash paid to suppliers and employees		(1,173,629)	(1,210,313)
<b>Cash generated / (withdrawn) from operating activities</b>	6.1	155,672	(77,606)
Interest received		17,327	23,695
Interest paid		(7,226)	(8,522)
Profit on disposal of asset		(54,240)	-
Sundry income		59,524	-
<b>Cash flows from investing activities</b>		93,486	(46,368)
Purchase of property, plant and equipment	6.2	-	(46,368)
To increase operating capacity		-	(46,368)
Proceeds on disposal of property, plant and equipment		108,673	-
Advances of loans receivable		(15,187)	-
<b>Cash flows from financing activities</b>		(6,899)	(4,164)
Payment of long-term borrowings		(6,899)	(4,164)
<b>Net increase / (decrease) in cash and cash equivalents</b>		257,644	(112,965)
<b>Cash and cash equivalents at beginning of period</b>		289,583	402,548
<b>Cash and cash equivalents at end of period</b>	6.3	547,227	289,583

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2012

**I. 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**

	2012			2011		
	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	(7,819)	-	7,819	(5,864)	1,955
Motor vehicles	45,000	(18,000)	27,000	187,000	(72,900)	114,100
Furniture and fittings	1,368	(341)	1,027	1,368	(114)	1,254
	<u>495,534</u>	<u>(26,160)</u>	<u>469,374</u>	<u>637,534</u>	<u>(78,878)</u>	<u>558,656</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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The carrying amounts for 2011 can be reconciled as follows:

	Carrying value at beginning of year	Additions	Other	Disposals	Depreciation	Carrying value at end of year
	R	R	R	R	R	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
Furniture and fittings	-	1,368	-	-	(114)	1,254
	<u>552,408</u>	<u>46,368</u>	<u>-</u>	<u>-</u>	<u>(40,120)</u>	<u>558,656</u>

The carrying amounts for 2012 can be reconciled as follows:

	Carrying value at beginning of year	Additions	Revaluation	Disposals	Depreciation	Carrying value at end of year
	R	R	R	R	R	R
Land and buildings	441,347	-	-	-	-	441,347
Computer equipment	1,955	-	-	-	(1,955)	-
Motor vehicles	114,100	-	-	(54,433)	(32,667)	27,000
Furniture and fittings	1,254	-	-	-	(227)	1,027
	<u>558,656</u>	<u>-</u>	<u>-</u>	<u>(54,433)</u>	<u>(34,849)</u>	<u>469,374</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.

	2012 R	2011 R
<b>3. Loans receivable</b>		
<i>His Church</i>		
Balance at beginning of year	-	-
Advances	15,187	-
Repayments	-	-
Balance at end of year	<u>15,187</u>	<u>-</u>
The above loan was repaid in 2010.		
<b>4. Long-term borrowings</b>		
<i>ABSA Ltd Access Mortgage Bond</i>		
Balance outstanding	92,727	99,626
Less: Current portion of long term liabilities	(10,463)	(14,000)
	<u>82,264</u>	<u>85,626</u>
Loan bearing interest at 7.5% (2011 - 7.5%) per annum secured by a mortgage on the company's freehold land and buildings and repayable in monthly instalments of R1,413 (2011 - R1,753).		
<b>5. Trade and other payables</b>		
Sundry creditors	12,763	35,141
Advance contributions received	17,375	117,925
	<u>30,138</u>	<u>153,066</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2012

	2012 R	2011 R
<b>6. Notes to the cash flow statement</b>		
<b>6.1 Reconciliation of net profit / (loss) before taxation to cash flow from operations</b>		
Net profit / (loss) before taxation	402,616	(96,203)
Adjustments for :		
Depreciation	34,849	40,120
Sundry income	(59,524)	-
Interest received	(17,327)	(23,695)
Finance expenses - net	7,226	8,522
Operating profit / (loss) before working capital changes	367,840	(71,256)
Working capital changes		
Decrease in trade receivables	1,210	11,210
Increase in prepayments and other receivables	(89,240)	(8,957)
Decrease in trade and other payables	(124,138)	(8,603)
Cash generated / (withdrawn) from operations	155,672	(77,606)

**6.2 Property, plant and equipment**

During the period, the company purchased property, plant and equipment with a carrying value of Rnil (2011 - R 46,368).

**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	547,227	289,583
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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
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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 NPC**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
29 FEBRUARY 2012**

**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.

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DETAILED INCOME STATEMENT FOR THE YEAR ENDED  
29 FEBRUARY 2012

	2012 R	2011 R
Revenue	1,329,301	1,132,707
Donations received	1,329,301	1,132,707
Other income	76,851	23,695
Insurance refund	5,284	-
Interest received	17,327	23,695
Profit on disposal of asset	54,240	-
Total income	1,406,152	1,156,402
Project costs	644,182	803,046
Operating expenses	352,128	441,037
Accounting fees	4,480	5,331
Advertising and promotions	5,962	16,750
Audit fees	16,644	39,900
Bank charges	9,839	7,727
Computer expenses	3,741	2,825
Consulting fees	2,337	-
Depreciation	34,849	40,120
Donations	-	6,000
Electricity and water	8,380	5,428
Entertainment and meetings	3,602	6,553
General expenses / sundry	2,941	4,051
Insurance	-	2,255
Legal fees	741	-
Medical expenses	-	439
Motor vehicle expenses	66,691	38,611
Postage	267	215
Printing and stationery	12,350	13,318
Refreshments and teas	3,584	4,256
Rent	-	383
Repairs to office equipment	-	926
Salaries	144,006	214,776
Security	-	62
Staff training	7,648	3,445
Telephone and fax	16,303	25,339
Travel expenses	642	46
UIF	3,791	2,281
Uniforms	3,330	-
Finance expenses	7,226	8,522
Interest paid	7,226	8,522
<b>Net profit / (loss) for the period</b>	<b>402,616</b>	<b>(96,203)</b>