

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

**ANNUAL FINANCIAL STATEMENTS**  
**28 FEBRUARY 2013**

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  
28 May 2013

**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 28 February 2013, 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 28 February 2013, 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

28 May 2013

## KWACARE NPC

### DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2013

The directors have pleasure in submitting their report together with the audited annual financial statements for the year ended 28 February 2013.

#### 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 28 February 2013 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

M Myeza

B Smith - appointed 30 October 2012

C Watson - resigned

#### Auditors

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

KWACARE NPC

BALANCE SHEET AT 28 FEBRUARY 2013

	Notes	2013 R	2012 R
<b>ASSETS</b>			
<b>Non-current assets</b>		708 476	484 561
Property, plant and equipment	2	705 205	469 374
Loans receivable	3	3 271	15 187
<b>Current assets</b>		518 371	650 467
Other receivables and prepayments		-	103 240
Bank and cash equivalents		518 371	547 227
<b>Total assets</b>		1 226 847	1 135 028
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>		1 101 638	1 012 163
Retained earnings		1 101 638	1 012 163
<b>Non-current liabilities</b>		75 603	82 264
Long-term borrowings	4	75 603	82 264
<b>Current liabilities</b>		49 606	40 601
Trade and other payables	5	38 045	30 138
Current portion of long-term borrowings	4	11 561	10 463
<b>Total equity and liabilities</b>		1 226 847	1 135 028

KWACARE NPC

INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2013

	2013 R	2012 R
Revenue	1 183 556	1 329 301
Other income	20 042	76 851
<b>Total income</b>	<u>1 203 598</u>	<u>1 406 152</u>
Project costs	801 719	644 182
Operating expenses	305 812	352 128
Finance expenses	6 592	7 226
<b>Profit for the year</b>	<u><u>89 475</u></u>	<u><u>402 616</u></u>

KWACARE NPC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2013

	Retained earnings R	Total R
Balance at 28 February 2011	609 547	609 547
Net profit for the period	402 616	402 616
	<u>1 012 163</u>	<u>1 012 163</u>
Balance at 29 February 2012	89 475	89 475
Net profit for the period	89 475	89 475
	<u>1 101 638</u>	<u>1 101 638</u>
Balance at 28 February 2013	<u>1 101 638</u>	<u>1 101 638</u>



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CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2013

	Notes	2013 R	2012 R
<b>Net cash retained in operating activities</b>		244 750	171 057
Cash receipts from customers		1 183 556	1 329 301
Cash paid to suppliers and employees		(952 256)	(1 173 629)
<b>Cash generated from operating activities</b>	6.1	231 300	155 672
Interest received		20 042	17 327
Interest paid		(6 592)	(7 226)
Profit on disposal of asset		-	(54 240)
Sundry income		-	59 524
<b>Cash flows from investing activities</b>		(268 043)	93 486
Purchase of property, plant and equipment	6.2	(279 959)	-
To increase operating capacity		(279 959)	-
Proceeds on disposal of property, plant and equipment		-	108 673
Repayments / (advances) of loans receivable		11 916	(15 187)
<b>Cash flows from financing activities</b>		(5 563)	(6 899)
Payment of long-term borrowings		(5 563)	(6 899)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(28 856)	257 644
<b>Cash and cash equivalents at beginning of period</b>		547 227	289 583
<b>Cash and cash equivalents at end of period</b>	6.3	518 371	547 227

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
28 FEBRUARY 2013

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.

Non-cash donations received are only recorded when realised into cash as it is impracticable to determine a market value of the donated items at the time of the donation. However control is exercised over the unrecorded stock.

*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

	2013			2012		
	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	41 464	(11 290)	30 174	7 819	(7 819)	-
Motor vehicles	279 314	(58 242)	221 072	45 000	(18 000)	27 000
Furniture and fittings	13 368	(756)	12 612	1 368	(341)	1 027
	<u>775 493</u>	<u>(70 288)</u>	<u>705 205</u>	<u>495 534</u>	<u>(26 160)</u>	<u>469 374</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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The carrying amounts for 2012 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	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>

The carrying amounts for 2013 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	-	33 645	-	-	(3 471)	30 174
Motor vehicles	27 000	234 314	-	-	(40 242)	221 072
Furniture and fittings	1 027	12 000	-	-	(415)	12 612
	<u>469 374</u>	<u>279 959</u>	<u>-</u>	<u>-</u>	<u>(44 128)</u>	<u>705 205</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.

	2013 R	2012 R
<b>3. Loans receivable</b>		
<i>His Church</i>		
Balance at beginning of year	15 187	-
Advances	64 222	15 187
Repayments	(76 139)	-
Balance at end of year	<u>3 270</u>	<u>15 187</u>
<b>4. Long-term borrowings</b>		
<i>ABSA Ltd Access Mortgage Bond</i>		
Balance outstanding	87 164	92 727
Less: Current portion of long term liabilities	(11 561)	(10 463)
	<u>75 603</u>	<u>82 264</u>
Loan bearing interest at 7% (2012 - 7.5%) per annum secured by a mortgage on the company's freehold land and buildings and repayable in monthly instalments of R1,432 (2012 - R1,413).		
<b>5. Trade and other payables</b>		
Sundry creditors	20 670	12 763
Advanced contributions received	17 375	17 375
	<u>38 045</u>	<u>30 138</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
28 FEBRUARY 2013

	2013 R	2012 R
<b>6. Notes to the cash flow statement</b>		
<b>6.1 Reconciliation of net profit before taxation to cash flow from operations</b>		
Net profit before taxation	89 475	402 616
Adjustments for :		
Depreciation	44 128	34 849
Sundry income	-	(59 524)
Interest received	(20 042)	(17 327)
Finance expenses - net	6 592	7 226
Operating profit before working capital changes	<u>120 153</u>	<u>367 840</u>
Working capital changes		
(Increase) / decrease in trade receivables	(2 710)	1 210
Decrease / (increase) in prepayments and other receivables	103 240	(89 240)
Increase / (decrease) in trade and other payables	10 617	(124 138)
Cash generated from operations	<u><u>231 300</u></u>	<u><u>155 672</u></u>

**6.2 Property, plant and equipment**

During the period, the company purchased property, plant and equipment with a carrying value of R279,959 (2012 - 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	<u>518 371</u>	<u>547 227</u>
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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:

Rental	<u>36 000</u>	<u>-</u>
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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.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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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.

KWACARE NPC

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED  
28 FEBRUARY 2013**

	2013 R	2012 R
Revenue	1 183 556	1 329 301
Donations received	1 183 556	1 329 301
Other income	20 042	76 851
Insurance refund	-	5 284
Interest received	20 042	17 327
Profit on sale of asset	-	54 240
Total income	1 203 598	1 406 152
Project costs	801 719	644 182
Operating expenses	305 812	352 128
Accounting fees	7 661	4 480
Advertising and promotions	-	5 962
Audit fees	18 240	16 644
Bank charges	12 395	9 839
BEE - Certification	5 130	-
Computer expenses	1 337	3 741
Consulting fees	-	2 337
Depreciation	44 128	34 849
Electricity and water	8 751	8 380
Entertainment / meetings	4 505	3 602
General expenses	2 724	2 941
Legal fees	-	741
Motor Vehicle Expenses	12 273	66 691
Postage	43	267
Printing and stationery	14 944	12 350
Travel expenses	-	642
Refreshments and teas	3 606	3 584
Rent	36 000	-
Repairs to office equipment	621	-
Salaries	102 896	144 006
Staff training	8 650	7 648
Telephone and fax	18 409	16 303
UIF	3 499	3 791
Uniforms	-	3 330
Finance expenses	6 592	7 226
Interest paid	6 592	7 226
<b>Net profit for the period</b>	<b>89 475</b>	<b>402 616</b>