KWACARE NPC
(Registration No. 2000/005376/08)

ANNUAL FINANCIAL STATEMENTS
28 FEBRUARY 2014

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

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 16 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
23 June 2014

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 2014, 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 15.

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 2014, 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.

Supplementary information

Without qualifying our opinion, we draw attention to the fact that the supplementary schedule set out on page 16 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.

Other reports required by the Companies Act No. 71 of 2008

As part of our audit of the financial statements for the year ended 28 February 2014, we have read the Directors' Report, for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the directors. Based on reading this report we have not identified any material inconsistencies between this report and the audited financial statements. However, we have not audited this report and accordingly do not express an opinion thereon.

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Martin van Huyssteen
LFH Accountants and Auditors Inc.
Registered Auditors
Kloof
23 June 2014

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DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2014

The directors have pleasure in submitting their report together with the audited annual financial statements for the year ended 28 February 2014.

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 2014 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

Auditors

LFH Accountants and Auditors Inc. will continue in office in accordance with the Companies Act, 2008.

KWACARE NPC

BALANCE SHEET AT 28 FEBRUARY 2014

	Notes	2014 R	2013 R
ASSETS			
Non-current assets		**675 262**	**708 476**
Investment property	2	441 347	-
Property, plant and equipment	3	226 872	705 205
Loans receivable	4	7 043	3 271
Current assets		**577 005**	**518 371**
Bank and cash equivalents		577 005	518 371
Total assets		**1 252 267**	**1 226 847**
EQUITY AND LIABILITIES			
Equity		**1 134 681**	**1 101 638**
Accumulated surplus		1 134 681	1 101 638
Non-current liabilities		**69 193**	**75 603**
Long-term borrowings	5	69 193	75 603
Current liabilities		**48 393**	**49 606**
Trade and other payables	6	36 491	38 045
Current portion of long-term borrowings	5	11 902	11 561
Total equity and liabilities		**1 252 267**	**1 226 847**

KWACARE NPC

INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2014

	2014 R	2013 R
Revenue	**1 173 026**	**1 183 556**
Other income	121 471	20 042
Total income	**1 294 497**	**1 203 598**
Project costs	875 680	801 719
Operating expenses	379 810	305 812
Finance expenses	5 964	6 592
Surplus for the year	**33 043**	**89 475**

KWACARE NPC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2014

	Accumulated surplus **R**	Total **R**
Balance at 29 February 2012	**1 012 163**	**1 012 163**
Net surplus for the period	89 475	89 475
Balance at 28 February 2013	**1 101 638**	**1 101 638**
Net suplus for the period	33 043	33 043
Balance at 28 February 2014	**1 134 681**	**1 134 681**

KWACARE NPC

CASH FLOW STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2014

	Notes	2014 R	2013 R
Net cash retained in operating activities		**89 950**	**244 750**
Cash receipts from donors		1 173 026	1 183 556
Cash paid to suppliers and employees		(1 194 061)	(952 256)
Cash (utilised by)/ generated from operating activities	7.1.	**(21 035)**	**231 300**
Interest received		16 562	20 042
Interest paid		(5 964)	(6 592)
Profit on disposal of asset		(4 522)	-
Sundry income		104 909	-
Cash flows from investing activities		**(466 594)**	**(268 043)**
Purchase of property, plant and equipment	7.2.	(51 000)	(279 959)
To increase operating capacity		(51 000)	(279 959)
Proceeds on disposal of property, plant and equipment		29 525	-
(Advances) / repayments of loans receivable		(3 772)	11 916
Cash flows from financing activities		**(6 069)**	**(5 563)**
Payment of long-term borrowings		(6 069)	(5 563)
Net decrease in cash and cash equivalents		**(382 713)**	**(28 856)**
Cash and cash equivalents at beginning of period		518 371	547 227
Cash and cash equivalents at end of period	7.3.	**135 658**	**518 371**

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act No. 71 of 2008. 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 Rand.

These accounting policies are consistent with the previous period.

1.1. Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including production estimates, supply and demand, together with economic factors such as exchange rates, inflation and interest rates.

Provisions

Provisions were raised and management determined an estimate based on the information available.

1.2. Investment property

Investment property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or sale in the ordinary course of business.

The cost of purchased and self-constructed investment property comprises its purchase price and any directly attributable expenditure incurred. If payment is deferred beyond normal credit terms, the cost is the present value of all future payments.

Investment property is initially recognised at cost.

Costs include costs incurred initially to acquire or construct an investment property 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 investment property, the carrying amount of the replaced item is derecognised.
This includes cost incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

ACCOUNTING POLICIES

1.3. Plant and equipment

Plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services; for rental to others or for administrative purposes and;
- are expected to be used during more than one period.

Costs include costs incurred initially to acquire or construct an item of 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 plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of plant and equipment.

This includes cost incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the plant and equipment, which is as follows:

	Average useful life
Computer equipment	3 - 5 years
Containers	5 years
Motor vehicles	5 years
Furniture and fittings	5 - 6 years

1.4. Provisions and contingencies

Provisions are recognised when:

- the company has an obligation at the reporting period date as a result of a past event;
- it is probable that the company will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

Contingent assets and contingent liabilities are not recognised on the statement of financial position, but are disclosed as a note where necessary.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

ACCOUNTING POLICIES

1.5. Revenue

Revenue comprises of offerings and donations received from the congregation and the community as well as deposits into the organisation's bank account, 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.

1.6. Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.7. Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost.

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts.

1.8. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred.

Borrowings are subsequently stated at amortised costs; any difference between the proceeds (net of transaction costs) and the redemption value is recognised.

1.9. Trade and other payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier or creditor.

2. Investment property

	2014			2013		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Balfour House	441 347	-	441 347	-	-	-
	441 347	-	441 347	-	-	-

The carrying amounts for 2014 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
Balfour House	-	441 347	-	-	-	441 347
	-	441 347	-	-	-	441 347

Investment property is described as:

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

3. Property, plant and equipment

	2014			2013		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Land and buildings	-	-	-	441 347	-	441 347
Computer equipment	41 916	(12 583)	29 333	41 464	(11 290)	30 174
Containers	36 000	(6 867)	29 133	-	-	-
Motor vehicles	234 314	(78 105)	156 209	279 314	(58 242)	221 072
Furniture and fittings	13 368	(1 171)	12 197	13 368	(756)	12 612
	325 598	(98 726)	226 872	775 493	(70 288)	705 205

The carrying amounts for 2014 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	30 174	15 000	-	(3 981)	(11 860)	29 333
Containers	-	36 000	-	-	(6 867)	29 133
Motor vehicles	221 072	-	-	(16 500)	(48 363)	156 209
Furniture and fittings	12 612	-	-	-	(415)	12 197
	705 205	51 000	(441 347)	(20 481)	(67 505)	226 872

Change in use:

In the current year, there was a change in use of land and buildings. The property had been previously used as an orphanage but it was rented out to tenants in the current year. Based on the above, the land and buildings have now been classified as investment property as per note 2.

	2014 R	2013 R
4. Loans receivable		
His Church		
Balance at beginning of year	-	6 767
Advances	164 460	(49 093)
Repayments	(164 339)	42 326
Balance at end of year	121	-
His Church - KwaDebeka		
Balance at beginning of year	3 270	15 187
Advances	21 225	64 222
Repayments	(24 495)	(76 139)
Balance at end of year	-	3 270
KwaEnterprise Development		
Balance at beginning of year	-	-
Advances	74 423	-
Repayments	(67 501)	-
Balance at end of year	6 922	-
Total loans receivable	7 043	3 270

5. Long-term borrowings

	2014 R	2013 R
ABSA Ltd Access Mortgage Bond		
Balance outstanding	81 095	87 164
Less: Current portion of long term liabilities	(11 902)	(11 561)
	69 193	75 603

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).

6. Trade and other payables

	2014 R	2013 R
Sundry creditors	19 116	20 670
Advance contributions received	17 375	17 375
	36 491	38 045

	2014	2013
	R	R

7. Notes to the cash flow statement

7.1. Reconciliation of net surplus before taxation to cash flow from operations

	2014 R	2013 R
Net surplus	33 043	89 475
Adjustments for :		
Depreciation	67 505	44 128
Profit on disposal of property, plant and equipment	(4 522)	-
Sundry income	(104 909)	-
Interest received	(16 562)	(20 042)
Finance expenses - net	5 964	6 592
Operating (deficit) / surplus before working capital changes	(19 481)	120 153
Working capital changes		
Increase in trade receivables	-	(2 710)
Decrease in prepayments and other receivables	-	103 240
(Decrease) / increase in trade and other payables	(1 554)	10 617
Cash (utilised by) / generated from operations	(21 035)	231 300

7.2. Property, plant and equipment

During the period, the company purchasd property, plant and equipment with a carrying value of R51,000 (2013 - R279,959).

7.3. 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:

	2014 R	2013 R
Bank and cash balances	577 005	518 371

8. 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:

	2014 R	2013 R
Rental	36 000	36 000

9. 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.

10. 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 2014

	2014 R	2013 R
Revenue	1 173 026	1 183 556
Donations received	1 098 851	1 183 556
Donation received - HCI foundation	74 175	-
Other income	121 471	20 042
Balfour House - rental income	93 862	-
Insurance payout	6 525	-
Interest received	16 562	20 042
Profit on sale of assets	4 522	-
Total income	**1 294 497**	**1 203 598**
Project costs	**875 680**	**801 719**
Operating expenses	**379 810**	**305 812**
Accounting fees	13 211	7 661
Audit fees	22 515	18 240
Bank charges	14 468	12 395
B-BBEE certification	-	5 130
Computor expenses	1 241	1 337
Depreciation	67 505	44 128
Electricity and water	7 793	8 751
Entertainment	5 695	4 505
General expenses	20 819	2 724
Health and safety	1 508	-
Insurance	16 658	-
Motor vehicle expenses	11 476	12 273
Office equipment	10 549	-
PAYE and UIF	24 818	24 993
Postage, printing and stationery	3 768	14 987
Refreshments and teas	612	3 606
Rent	36 000	36 000
Repairs and maintenance	4 743	621
Salaries	99 214	81 402
Staff training	-	8 650
Telephone and fax	17 217	18 409
Finance expenses	5 964	6 592
Interest paid	5 964	6 592
Net surplus for the period	**33 043**	**89 475**

KWACARE NPC
(Registration No. 2000/005376/08)

ANNUAL FINANCIAL STATEMENTS
28 February 2014

LIEBENBERG
FRASER
HOPLEY
ACCOUNTANTS & AUDITORS INC.