

CONNECT CHRISTIAN NETWORK

2006 / 012058 / 08

FINANCIAL STATEMENTS
For the year ended
29 February 2016

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended 29 February 2016

General Information

Country of incorporation and domicile	South Africa	
Directors	Deidre Nora Moskoff David Nefdt Andre Abel Mahoney	2283/214/03/5
Business address	Alexandra Building 1st Floor Main Road Somerset West 7130	
Postal address	PO Box 1005 Somerset West 7129	
Auditor's	Naude & Partners Chartered Accountants (S.A.) Registered Auditors	
Company registration number	2006/012058/08	
Tax reference number	9389/808/15/6	

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The reports and statements set out below comprise the financial statements presented to the shareholders:

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Independent Auditor's Report

To the members of Connect Christian Network

We have audited the financial statements of Connect Christian Network, as set out on pages 6 to 12, which comprise the statement of financial position as at 29 February 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

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 the International Financial Reporting Standard for Small and Medium-sized Entities and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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 company'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 company'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 qualified audit opinion.

Basis for Qualified Opinion

As in the case with similar organisations, it is not possible for management committee to apply accounting measures to cash collections during fund raising and donations before the actual recording of the collections in the accounting records. It was not possible for us to investigate the collections further than those that were recorded. In these circumstances we were unable to carry out the full scope of auditing procedures, or to obtain all information and explanations as we considered as necessary or to satisfy ourselves that proper accounting records have been kept.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Connect Christian Network as at 29 February 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act 71 of 2008.

Naudé & Partners
Registered Auditors

25/08/2016
I Du Toit

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Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 28 February 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

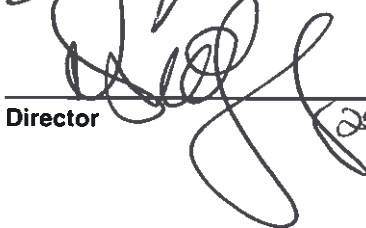
Approval of financial statements



Director 25/08/2016



Director 25/08/2016



Director 25/08/2016

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Financial Statements for the year ended 29 February 2016

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Connect Christian Network and its associates for the year ended 29 February 2016.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these financial statements.

2. Directors

The directors in office at the date of this report are as follows:

Directors

Deidre Nora Moskoff

David Nefdt

Andre Abel Mahoney

3. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

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Financial Statements for the year ended 29 February 2016

Statement of Financial Position as at 29 February 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Non-Current Assets			
Property, plant and equipment	2	736	4 864
Current Assets			
Trade and other receivables	3	80 855	68 895
Cash and cash equivalents	4	465 868	248 973
		546 723	317 868
Total Assets		547 459	322 732
Equity and Liabilities			
Equity			
Special reserves		226 895	47 837
Retained income		209 744	255 387
		436 639	303 224
Liabilities			
Current Liabilities			
Trade and other payables	7	30 570	19 508
Fund liabilities	6	80 250	-
		110 820	19 508
Total Equity and Liabilities		547 459	322 732

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2016	2015
Revenue		1 397 459	1 078 931
Other income		250 554	84 131
Operating expenses		(1 479 423)	(1 236 063)
Operating profit (loss)	8	168 590	(73 001)
Investment revenue		4 829	726
Finance costs		-	(541)
Profit (loss) for the year		173 419	(72 816)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		173 419	(72 816)

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Statement of Changes in Equity

Figures in Rand	Special reserves	Retained income	Total equity
Balance at 01 March 2014	188 090	164 648	352 738
Loss for the year	-	(72 816)	(72 816)
Prior period error	-	-	-
Total comprehensive loss for the year	-	(72 816)	(72 816)
Transfer between reserves	(140 253)	163 555	23 302
Total changes	(140 253)	163 555	23 302
Balance at 01 March 2015	47 837	255 387	303 224
Profit for the year	-	173 419	173 419
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	173 419	173 419
Transfer between reserves	179 058	(219 062)	(40 004)
Total changes	179 058	(219 062)	(40 004)
Balance at 29 February 2016	226 895	209 744	436 639
Note(s)	5		

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Statement of Cash Flows

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Cash receipts from customers		1 414 249	1 131 502
Cash paid to suppliers and employees		(1 202 183)	(1 187 011)
Cash generated from (used in) operations	9	212 066	(55 509)
Interest income		4 829	726
Finance costs		-	(541)
Net cash from operating activities		216 895	(55 324)
Total cash movement for the year		216 895	(55 324)
Cash at the beginning of the year		248 973	304 297
Total cash at end of the year	4	465 868	248 973

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Accounting Policies

1. Presentation of financial statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

1.1 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

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

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6
Office equipment	Straight line	5
IT equipment	Straight line	3

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

Land is not depreciated

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

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Notes to the Financial Statements

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	7 797	(7 797)	-	7 797	(7 797)	-
Office equipment	4 275	(4 204)	71	4 275	(3 349)	926
IT equipment	25 054	(24 389)	665	25 054	(21 116)	3 938
Total	37 126	(36 390)	736	37 126	(32 262)	4 864

Reconciliation of property, plant and equipment - 2016

	Opening balance	Depreciation	Total
Office equipment	926	(855)	71
IT equipment	3 938	(3 273)	665
	4 864	(4 128)	736

3. Trade and other receivables

Trade receivables	44 059	28 543
Deposits	5 000	-
VAT	29 796	29 796
Accrued income	2 000	10 556
	80 855	68 895

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	530	37
Bank balances	465 338	248 936
	465 868	248 973

5. Special reserves

- Advocacy Fund	7 069	7 069
- Child Sponsorship	7 908	4 339
- Equipped to Serve	6 499	10 500
- Quality Improvement System	7 726	(293)
- Small Grants Fund	84 336	16 796
- Supercamps	113 357	9 426
	226 895	47 837

6. Fund liabilities

- Quality Improvement Systems Verification	40 000	-
- Early Childhood Development Training	40 250	-
	80 250	-

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Notes to the Financial Statements

Figures in Rand	2016	2015
7. Trade and other payables		
Trade payables	20 018	8 777
QIS prepayments	4 200	4 200
Accrued expenses	6 352	6 531
	30 570	19 508
8. Operating profit		
Operating profit (loss) for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	80 872	63 571
Loss on exchange differences	-	(53)
Depreciation on property, plant and equipment	4 128	5 246
Employee costs	625 904	507 574
Early Childhood Development Trainings	70 133	-
9. Cash generated from (used in) operations		
Profit (loss) before taxation	173 419	(72 816)
Adjustments for:		
Depreciation and amortisation	4 128	5 246
Interest received	(4 829)	(726)
Finance costs	-	541
Other non-cash items	80 250	(23 301)
Other non-cash items	(40 004)	23 300
Changes in working capital:		
Trade and other receivables	(11 960)	52 572
Trade and other payables	11 062	(40 325)
	212 066	(55 509)

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Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
Revenue			
Donation income		832 750	870 561
Donation income - Child Sponsorship		8 286	-
Donation income - Camp Africa		134 180	-
Donation income - Quality improvement systems		93 000	12 000
Donation income - Small grants		257 136	129 963
Donation income - The Community Chest of Western Cape		20 000	19 250
Event income		13 007	12 551
Membership fees		39 100	34 606
		1 397 459	1 078 931
Other income			
Consulting income		73 723	16 193
Investment income		4 829	726
Profit and loss on exchange differences		-	53
Rental income		12 655	2 851
Resource income		600	2 588
Royalties received		3 080	1 480
Sundry income		6 670	54 606
Training income		153 826	6 360
		255 383	84 857

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Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
Operating expenses			
Accounting fees		12 372	7 235
Advertising		22 403	14 793
Auditors remuneration		14 535	11 468
Bad debts		25 406	3 799
Bank charges		3 679	3 092
Board development		1 000	5 463
Camp Africa expense		1 967	37 417
Child sponsorships		4 717	10 008
Catering		6 718	8 661
Cleaning		1 150	295
Computer expenses		5 949	3 746
Consulting fees		30 134	100 898
Depreciation		4 128	5 246
Donations		9 143	-
Education expense		-	59 664
Employee costs		625 904	507 574
Event expense		12 563	452
Equipment maintenance		700	-
Equipped to serve expense		6 600	260
Gifts		8 266	5 541
Insurance		6 569	4 637
Lease rentals on operating lease		80 872	63 571
Meetings		5 204	4 971
Network events		22 196	16 637
Office expenses		3 788	1 836
Postage		1 824	1 142
Printing and stationery		18 534	18 736
Quality improvement systems expense		199 161	39 218
Resources		1 381	2 734
Refreshments		319	371
Repairs and maintenance		960	1 014
Early childhood development trainings		70 133	-
Small assets written off		1 749	2 285
Small grants expense		156 927	190 968
Staff training & development		13 806	6 172
Subscriptions		300	11 319
Telephone and fax		19 310	16 516
Transport expenses		-	900
Travel - local		79 056	67 424
		1 479 423	1 236 063
Operating profit (loss)	8	173 419	(72 275)
Finance costs		-	(541)
Profit (loss) for the year		173 419	(72 816)