

***CONNECT CHRISTIAN  
NETWORK***

***2006 / 012058 / 08***

***FINANCIAL STATEMENTS  
For the year ended  
28 February 2014***

# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended 28 February 2014

## General Information

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<b>Country of incorporation and domicile</b>	South Africa	
<b>Directors</b>	Deidre Nora Moskoff Johannes Jurie Serfontein Peter Audley Williams	2283/214/03/5
<b>Business address</b>	Alexandra Building 1st Floor Main Road Somerset West 7130	
<b>Postal address</b>	PO Box 1005 Somerset West 7129	
<b>Auditors</b>	Naude & Partners Chartered Accountants (S.A.) Registered Auditors	
<b>Company registration number</b>	2006/012058/08	
<b>Tax reference number</b>	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 Auditors' Report

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### 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 28 February 2014, 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.

### Auditors' 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 auditors' 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 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

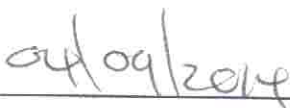
As in the case with similar organisations, it is not possible for the management committee to apply accounting measures to cash collections during fund raising and donations before the actual recording of the collections in the accounting records. It was not possible for us to investigate the collections 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 28 February 2014, 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**  
**Partner**  
**Registered Auditors**

  
I Du Toit

  
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# Connect Christian Network

(Registration number 2006/012058/08)

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Financial Statements for the year ended 28 February 2014

## Directors' Responsibilities and Approval

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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 are 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.

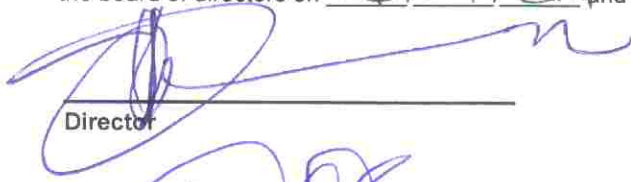
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards 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.

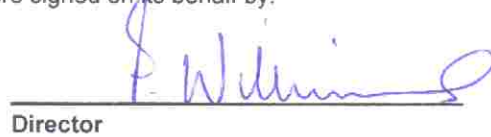
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control 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 2015 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.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 3.

The financial statements set out on pages 5 to 15, which have been prepared on the going concern basis, were approved by the board of directors on 24/09/2014 and were signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# Connect Christian Network

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Financial Statements for the year ended 28 February 2014

## Directors' Report

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The directors submit their report for the year ended 28 February 2014.

### 1. Review of activities

#### Main business and operations

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

### 2. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the financial statements.

### 3. Non-current assets

There have been no major changes in the nature of the non-current assets of the company during the year or any changes in the policy relating to their use.

### 4. Directors

The directors of the company during the year and to the date of this report are as follows:

#### Name

Deidre Nora Moskoff

Johannes Jurie Serfontein

Peter Audley Williams

### 5. Auditors

Naude & Partners will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

# Connect Christian Network

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Trading as Connect Network

Financial Statements for the year ended 28 February 2014

## Statement of Financial Position as at 28 February 2014

Figures in Rand	Note(s)	2014	2013
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	2	10,110	7,242
Current Assets			
Trade and other receivables	3	121,466	17,400
Cash and cash equivalents	4	304,297	500,138
		<b>425,763</b>	<b>517,538</b>
<b>Total Assets</b>		<b>435,873</b>	<b>524,780</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Special reserves		188,090	129,446
Retained income		164,647	327,705
		<b>352,737</b>	<b>457,151</b>
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables	7	59,834	28,702
Designated accounts carried forward	6	23,302	38,927
		<b>83,136</b>	<b>67,629</b>
<b>Total Equity and Liabilities</b>		<b>435,873</b>	<b>524,780</b>

# Connect Christian Network

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Financial Statements for the year ended 28 February 2014

## Statement of Comprehensive Income

Figures in Rand	Note(s)	2014	2013
Revenue		1,149,081	1,671,533
Other income		158,968	225,003
Operating expenses		(1,431,401)	(1,742,415)
<b>Operating (loss) profit</b>	<b>8</b>	<b>(123,352)</b>	<b>154,121</b>
Investment revenue		6,062	15,568
Finance costs		(2,749)	-
<b>(Loss) profit for the year</b>		<b>(120,039)</b>	<b>169,689</b>
Other comprehensive income		-	-
<b>Total comprehensive (loss) income for the year</b>		<b>(120,039)</b>	<b>169,689</b>



# Connect Christian Network

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Financial Statements for the year ended 28 February 2014

## Statement of Changes in Equity

Figures in Rand	Special reserves	Retained income	Total equity
<b>Balance at 01 March 2012</b>	<b>96,247</b>	<b>191,215</b>	<b>287,462</b>
Profit for the year	-	169,689	169,689
Prior period error	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>169,689</b>	<b>169,689</b>
Transfer between reserves	33,199	(33,199)	-
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>33,199</b>	<b>(33,199)</b>	<b>-</b>
<b>Balance at 01 March 2013</b>	<b>129,446</b>	<b>327,705</b>	<b>457,151</b>
Loss for the year	-	(120,039)	(120,039)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(120,039)</b>	<b>(120,039)</b>
Transfer between reserves	58,644	(43,019)	15,625
<b>Total contributions by and distributions to owners of company recognised directly in equity</b>	<b>58,644</b>	<b>(43,019)</b>	<b>15,625</b>
<b>Balance at 28 February 2014</b>	<b>188,090</b>	<b>164,647</b>	<b>352,737</b>
Note(s)	5		

# Connect Christian Network

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Financial Statements for the year ended 28 February 2014

## Statement of Cash Flows

Figures in Rand	Note(s)	2014	2013
<b>Cash flows from operating activities</b>			
Cash receipts from customers		1,045,015	1,550,993
Cash paid to suppliers and employees		(1,235,469)	(1,502,098)
Cash (used in) generated from operations	9	(190,454)	48,895
Interest income		6,062	15,568
Finance costs		(2,749)	-
<b>Net cash from operating activities</b>		<b>(187,141)</b>	<b>64,463</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(8,700)	(4,474)
<b>Total cash movement for the year</b>		<b>(195,841)</b>	<b>59,989</b>
Cash at the beginning of the year		500,138	440,149
<b>Total cash at end of the year</b>	4	<b>304,297</b>	<b>500,138</b>

# Connect Christian Network

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Financial Statements for the year ended 28 February 2014

## Accounting Policies

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### 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, 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 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.

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

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

Costs 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, which is as follows:

Item	Average useful life
Furniture and fixtures	6
IT equipment	3

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

#### 1.2 Special reserves

The accounting policy for special reserves has been amended. Previously special reserves was treated as current liabilities. However, this will now be carried forward as special reserves within Connect Christian Network equity.

# Connect Christian Network

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Financial Statements for the year ended 28 February 2014

## Notes to the Financial Statements

Figures in Rand 2014 2013

### 2. Property, plant and equipment

	2014			2013		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Furniture and fixtures	7,797	(7,797)	-	7,797	(7,797)	-
Office equipment	4,275	(2,494)	1,781	4,275	(1,639)	2,636
IT equipment	25,054	(16,725)	8,329	16,354	(11,748)	4,606
<b>Total</b>	<b>37,126</b>	<b>(27,016)</b>	<b>10,110</b>	<b>28,426</b>	<b>(21,184)</b>	<b>7,242</b>

#### Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Office equipment	2,636	-	(855)	1,781
IT equipment	4,606	8,700	(4,977)	8,329
	<b>7,242</b>	<b>8,700</b>	<b>(5,832)</b>	<b>10,110</b>

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

### 3. Trade and other receivables

Trade receivables	14,200	8,600
VAT	13,558	-
Accrued income	93,708	8,800
	<b>121,466</b>	<b>17,400</b>

### 4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	893	50
Bank balances	303,404	500,088
	<b>304,297</b>	<b>500,138</b>

### 5. Special reserves

- Quality Improvement System	13,051	37,759
- Supercamps	64,223	65,083
- Equipped to Serve	7,366	6,040
- Child Friendly Church	-	3,016
- Small Grants Fund	89,103	17,548
- Child Sponsorship	14,347	-
	<b>188,090</b>	<b>129,446</b>

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## Notes to the Financial Statements

Figures in Rand	2014	2013
<b>6. Designated accounts carried forward</b>		
- Quality Improvement Systems	-	6,982
- Education	23,302	31,945
	<b>23,302</b>	<b>38,927</b>
<b>7. Trade and other payables</b>		
Trade payables	5,120	9,767
QIS prepayments	4,000	6,400
Accrued expenses	50,714	12,535
	<b>59,834</b>	<b>28,702</b>
<b>8. Operating profit</b>		
Operating (loss) profit for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	68,126	50,780
Profit on exchange differences	-	4
Depreciation on property, plant and equipment	5,832	3,368
Employee costs	499,724	581,288
<b>9. Cash (used in) generated from operations</b>		
(Loss) profit before taxation	(120,039)	169,689
<b>Adjustments for:</b>		
Depreciation and amortisation	5,832	3,368
Interest received	(6,062)	(15,568)
Finance costs	2,749	-
Movements in designated accounts carried forward	(15,625)	(153,081)
Other non-cash items	15,625	-
<b>Changes in working capital:</b>		
Trade and other receivables	(104,066)	29,440
Trade and other payables	31,132	15,047
	<b>(190,454)</b>	<b>48,895</b>

# Connect Christian Network

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## Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013
<b>Revenue</b>			
Donation income		557,775	789,223
Donation income - Child Sponsorship		-	16,959
Donation income - Education		165,585	310,379
Membership fees		35,877	23,400
Donation income - Quality improvement systems		12,000	174,612
Donation income - Camp Africa		66,076	116,073
Donation income - Small grants		99,958	63,088
Donation income - The Community Chest of Western Cape		170,380	174,704
Event income		41,430	3,095
		<b>1,149,081</b>	<b>1,671,533</b>
<b>Other income</b>			
Consulting income		14,125	18,327
Royalties received		5,738	-
Rental income		5,877	-
Resource income		5,451	58,587
Sundry income		83,730	100,089
Training income		44,047	48,000
Investment income		6,062	15,568
		<b>165,030</b>	<b>240,571</b>

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Financial Statements for the year ended 28 February 2014

## Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013
<b>Operating expenses</b>			
Accounting fees		7,885	5,402
Advertising		40,423	44,542
Auditors' remuneration		11,025	3,449
Bad debts		4,550	5,400
Bank charges		4,582	3,329
Cleaning		128	700
Catering		5,597	2,895
Computer expenses		5,199	2,211
Consulting fees		24,981	17,650
Child sponsorships		236	2,250
Office expenses		1,381	2,237
Child Friendly Church expense		2,945	-
Board development		-	12,810
Depreciation		5,832	3,368
Employee costs		499,724	581,288
Event expense		48,862	-
Meetings		3,566	9,858
Equipment maintenance		-	985
Equipped to serve expense		31,715	44,752
External Training		5,300	-
Office equipment		-	581
Camp Africa expense		64,564	108,920
General expenses		1,900	2,979
Gifts		4,377	4,497
Venue Hire		1,300	850
Insurance		4,176	3,062
Lease rentals on operating lease		68,126	50,780
Loss on exchange differences		-	4
Network events		14,114	8,766
Postage		1,626	1,969
Printing and stationery		15,227	8,781
Resources		-	980
Refreshments		744	1,757
Repairs and maintenance		1,970	-
Quality improvement systems expense		184,275	324,151
Small assets written off		6,197	3,200
Trainers		-	900
Small grants expense		24,048	50,904
Education expense		192,857	306,993
Subscriptions		8,982	4,985
Telephone and fax		16,214	18,323
Staff training & development		4,132	6,256
Transport expenses		-	270
Travel - local		91,990	85,259
Travel - overseas		20,651	-
Utilities		-	4,122
		<b>1,431,401</b>	<b>1,742,415</b>
<b>Operating (loss) profit</b>	8	<b>(117,290)</b>	<b>169,689</b>
Finance costs		(2,749)	-
<b>(Loss) profit for the year</b>		<b>(120,039)</b>	<b>169,689</b>

# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended 28 February 2014

## Statement of Financial Performance

Figures in Rand	Note(s)	2014	2013
Other comprehensive income		-	-
<b>Total comprehensive (loss) income for the year</b>		<b>(120,039)</b>	<b>169,689</b>