

***CONNECT CHRISTIAN NETWORK***

***2006 / 012058 / 08***

***FINANCIAL STATEMENTS***

***For the year ended***

***28 February 2015***

# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended 28 February 2015

## General Information

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<b>Country of incorporation and domicile</b>	South Africa	
<b>Directors</b>	Deidre Nora Moskoff Erica Pippert 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>Auditor's</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	



## Independent Auditor's 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 2015, and the statement of profit or loss and other 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 28 February 2015, 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.

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**Naudé & Partners**  
**I Du Toit**  
**Partner**  
**Registered Auditors**

27/08/2015

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# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended 28 February 2015

## Directors' Responsibilities and Approval

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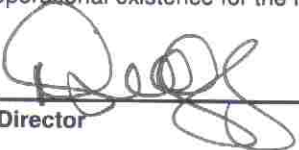
The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements 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 auditor's is engaged to express an independent opinion on the financial statements.

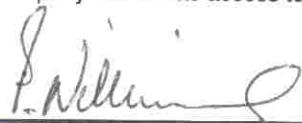
The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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 29 February 2016 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.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended 28 February 2015

## Directors' Report

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The directors have pleasure in submitting their report on the financial statements of Connect Christian Network and its associates for the year ended 28 February 2015.

### 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

Erica Pippert

Peter Audley Williams

### 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.

# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended 28 February 2015

## Statement of Financial Position as at 28 February 2015

Figures in Rand	Note(s)	2015	2014
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	2	4 864	10 110
Current Assets			
Trade and other receivables	3	68 895	121 466
Cash and cash equivalents	4	248 973	304 297
		<b>317 868</b>	<b>425 763</b>
<b>Total Assets</b>		<b>322 732</b>	<b>435 873</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Special reserves		47 836	188 090
Retained income		255 387	164 647
		<b>303 223</b>	<b>352 737</b>
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables	7	19 509	59 834
Designated accounts carried forward	6	-	23 302
		<b>19 509</b>	<b>83 136</b>
<b>Total Equity and Liabilities</b>		<b>322 732</b>	<b>435 873</b>

## Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended 28 February 2015

### Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	2015	2014
Revenue		1 078 931	1 149 080
Other income		84 131	158 968
Operating expenses		(1 236 063)	(1 431 400)
<b>Operating loss</b>	8	<b>(73 001)</b>	<b>(123 352)</b>
Investment revenue		726	6 062
Finance costs		(540)	(2 749)
<b>Loss for the year</b>		<b>(72 815)</b>	<b>(120 039)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(72 815)</b>	<b>(120 039)</b>

## Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended 28 February 2015

### Statement of Changes in Equity

Figures in Rand	Special reserves	Retained income	Total equity
<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)
Prior period error	-	-	-
<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 changes</b>	<b>58 644</b>	<b>(43 019)</b>	<b>15 625</b>
<b>Balance at 01 March 2014</b>	<b>188 090</b>	<b>164 647</b>	<b>352 737</b>
Loss for the year	-	(72 815)	(72 815)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(72 815)</b>	<b>(72 815)</b>
Transfer between reserves	(140 254)	163 555	23 301
<b>Total changes</b>	<b>(140 254)</b>	<b>163 555</b>	<b>23 301</b>
<b>Balance at 28 February 2015</b>	<b>47 836</b>	<b>255 387</b>	<b>303 223</b>
Note(s)	5		



## Connect Christian Network

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Trading as Connect Network

Financial Statements for the year ended 28 February 2015

### Statement of Cash Flows

Figures in Rand	Note(s)	2015	2014
<b>Cash flows from operating activities</b>			
Cash receipts from customers		1 131 502	1 045 015
Cash paid to suppliers and employees		(1 187 012)	(1 235 469)
Cash used in operations	9	(55 510)	(190 454)
Interest income		726	6 062
Finance costs		(540)	(2 749)
<b>Net cash from operating activities</b>		<b>(55 324)</b>	<b>(187 141)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	-	(8 700)
<b>Total cash movement for the year</b>		<b>(55 324)</b>	<b>(195 841)</b>
Cash at the beginning of the year		304 297	500 138
<b>Total cash at end of the year</b>	4	<b>248 973</b>	<b>304 297</b>

# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended 28 February 2015

## 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, 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 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:

The useful lives of items of property, plant and equipment have been assessed as follows:

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

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The residual value, depreciation method and useful life of each asset are reviewed at each higher (lower) 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.

## Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended 28 February 2015

### Notes to the Financial Statements

Figures in Rand 2015 2014

#### 2. Property, plant and equipment

	2015			2014		
	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	(3 349)	926	4 275	(2 494)	1 781
IT equipment	25 054	(21 116)	3 938	25 054	(16 725)	8 329
<b>Total</b>	<b>37 126</b>	<b>(32 262)</b>	<b>4 864</b>	<b>37 126</b>	<b>(27 016)</b>	<b>10 110</b>

#### Reconciliation of property, plant and equipment - 2015

	Opening balance	Depreciation	Total
Office equipment	1 781	(855)	926
IT equipment	8 329	(4 391)	3 938
	<b>10 110</b>	<b>(5 246)</b>	<b>4 864</b>

#### 3. Trade and other receivables

Trade receivables	28 543	14 200
VAT	29 796	13 558
Accrued income	10 556	93 708
	<b>68 895</b>	<b>121 466</b>

#### 4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	37	893
Bank balances	248 936	303 404
	<b>248 973</b>	<b>304 297</b>

#### 5. Special reserves

- Advocacy Fund	7 069	-
- Child Sponsorship	4 339	14 347
- Equipped to Serve	10 500	7 366
- Quality Improvement System	(294)	13 051
- Small Grants Fund	16 796	89 103
- Supercamps	9 426	64 223
	<b>47 836</b>	<b>188 090</b>

#### 6. Designated accounts carried forward

- Education	-	23 302
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# Connect Christian Network

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Financial Statements for the year ended 28 February 2015

## Notes to the Financial Statements

Figures in Rand	2015	2014
<b>7. Trade and other payables</b>		
Trade payables	8 778	5 120
QIS prepayments	4 200	4 000
Accrued expenses	6 531	50 714
	<b>19 509</b>	<b>59 834</b>
<b>8. Operating profit</b>		
Operating loss for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	63 571	68 126
Loss on exchange differences	(53)	-
Depreciation on property, plant and equipment	5 246	5 832
Employee costs	507 574	499 724
<b>9. Cash used in operations</b>		
Loss before taxation	(72 815)	(120 039)
<b>Adjustments for:</b>		
Depreciation and amortisation	5 246	5 832
Interest received	(726)	(6 062)
Finance costs	540	2 749
Movements in designated accounts carried forward	(23 302)	(15 625)
Other non-cash items	23 300	15 625
<b>Changes in working capital:</b>		
Trade and other receivables	52 572	(104 066)
Trade and other payables	(40 325)	31 132
	<b>(55 510)</b>	<b>(190 454)</b>

## Connect Christian Network

(Registration number 2006/012058/08)

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Financial Statements for the year ended 28 February 2015

### Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014
<b>Revenue</b>			
Donation income		870 561	557 775
Donation income - Camp Africa		-	66 076
Donation income - Education		-	165 585
Donation income - Quality improvement systems		12 000	12 000
Donation income - Small grants		129 963	99 958
Donation income - The Community Chest of Western Cape		19 250	170 380
Event income		12 551	41 430
Membership fees		34 606	35 877
		<b>1 078 931</b>	<b>1 149 081</b>
<b>Other income</b>			
Consulting income		16 193	14 125
Investment income		726	6 062
Profit and loss on exchange differences		53	-
Rental income		2 851	5 877
Resource income		2 588	5 451
Royalties received		1 480	5 738
Sundry income		54 606	83 730
Training income		6 360	44 047
		<b>84 857</b>	<b>165 030</b>

# Connect Christian Network

(Registration number 2006/012058/08)

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Financial Statements for the year ended 28 February 2015

## Statement of Financial Performance

Figures in Rand	Note(s)	2015	2014
<b>Operating expenses</b>			
Accounting fees		7 235	7 885
Advertising		14 793	40 423
Auditors remuneration		11 468	11 025
Bad debts		3 799	4 550
Bank charges		3 092	4 582
Board development		5 463	-
Camp Africa expense		37 417	64 564
Child Friendly Church expense		-	2 945
Child sponsorships		10 008	236
Catering		8 661	5 597
Cleaning		295	128
Computer expenses		3 746	5 199
Consulting fees		100 898	24 981
Depreciation		5 246	5 832
Education expense		59 664	192 857
Employee costs		507 574	499 724
Event expense		452	48 862
Equipped to serve expense		260	31 715
External Training		-	5 300
General expenses		-	1 900
Gifts		5 541	4 377
Insurance		4 637	4 176
Lease rentals on operating lease		63 571	68 126
Meetings		4 971	3 566
Network events		16 637	14 114
Office expenses		1 836	1 381
Postage		1 142	1 626
Printing and stationery		18 736	15 227
Quality improvement systems expense		39 218	184 275
Resources		2 734	-
Refreshments		371	744
Repairs and maintenance		1 014	1 970
Small assets written off		2 285	6 197
Small grants expense		190 968	24 048
Staff training & development		6 172	4 132
Subscriptions		11 319	8 982
Telephone and fax		16 516	16 214
Transport expenses		900	-
Travel - local		67 424	91 990
Travel - overseas		-	20 651
Venue Hire		-	1 300
		<b>1 236 063</b>	<b>1 431 401</b>
<b>Operating loss</b>	8	<b>(72 275)</b>	<b>(117 290)</b>
Finance costs		(540)	(2 749)
<b>Loss for the year</b>		<b>(72 815)</b>	<b>(120 039)</b>