

CONNECT CHRISTIAN NETWORK

2006/012058/08

FINANCIAL STATEMENTS

For the year ended

28 February 2013

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended February 28, 2013

General Information

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

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended February 28, 2013

Index

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

Index	Page
Independent Auditors' Report	3
Directors' Responsibilities and Approval	4
Directors' Report	5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Accounting Policies	10
Notes to the Financial Statements	11 - 12
The following supplementary information does not form part of the financial statements and is unaudited:	
Statement of Financial Performance	13 - 14



Independent Auditors' 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 February 28, 2013, 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 February 28, 2013, 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

I Du Toit

26/06/2013

WT Naudé - CA (SA) • I Du Toit CA (SA)

PO Box 2788 Somerset West 7129 • 7 Lourensford Road, Somerset West 7130

Tel 021 852 4166 / 021 852 7589 Fax 021 851 5081 • e-mail ilonka@naude-partners.co.za willem@naude-partners.co.za

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended February 28, 2013

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 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.

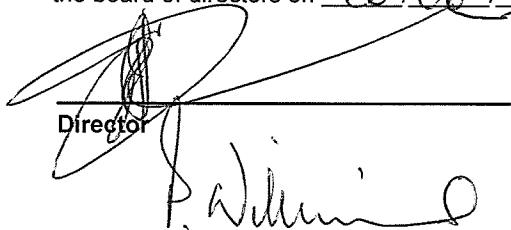
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards 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 February 28, 2014 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.

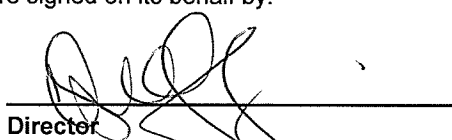
The financial statements set out on pages 5 to 14, which have been prepared on the going concern basis, were approved by the board of directors on 26/06/2013 and were signed on its behalf by:



Director

P. Williams

Director



Director

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended February 28, 2013

Directors' Report

The directors submit their report for the year ended February 28, 2013.

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. Dividends

No dividends were declared or paid to shareholders during the year.

5. 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

6. Auditors

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

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended February 28, 2013

Statement of Financial Position as at February 28, 2013

Figures in Rand	Note(s)	2013	2012
Assets			
Non-Current Assets			
Property, plant and equipment	2	7,242	6,136
Current Assets			
Trade and other receivables	3	17,400	46,840
Cash and cash equivalents	4	500,138	440,149
		517,538	486,989
Total Assets		524,780	493,125
Equity and Liabilities			
Equity			
Special reserves		129,446	96,247
Retained income		327,698	191,210
		457,144	287,457
Liabilities			
Current Liabilities			
Trade and other payables	7	28,709	13,660
Designated accounts carried forward	6	38,927	192,008
		67,636	205,668
Total Equity and Liabilities		524,780	493,125

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended February 28, 2013

Statement of Comprehensive Income

Figures in Rand	Note(s)	2013	2012
Revenue		1,671,533	1,235,361
Other income		225,003	116,235
Operating expenses		(1,742,417)	(1,265,370)
Operating profit	8	154,119	86,226
Investment revenue		15,568	12,597
Profit for the year		169,687	98,823
Other comprehensive income		-	-
Total comprehensive income for the year		169,687	98,823

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended February 28, 2013

Statement of Changes in Equity

Figures in Rand	Special reserves	Retained income	Total equity
Balance at March 01, 2011	-	92,387	92,387
Profit for the year	-	98,823	98,823
Prior period error	96,247	-	96,247
Total comprehensive income for the year	96,247	98,823	195,070
Balance at March 01, 2012	96,247	191,210	287,457
Profit for the year	-	169,687	169,687
Total comprehensive income for the year	-	169,687	169,687
Transfer between reserves	33,199	(33,199)	-
Total contributions by and distributions to owners of company recognised directly in equity	33,199	(33,199)	-
Balance at February 28, 2013	129,446	327,698	457,144
Note(s)	5		

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended February 28, 2013

Statement of Cash Flows

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Cash receipts from customers		1,550,993	1,323,438
Cash paid to suppliers and employees		(1,502,098)	(1,206,870)
Cash generated from operations	9	48,895	116,568
Interest income		15,568	12,597
Net cash from operating activities		64,463	129,165
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(4,474)	(4,275)
Total cash movement for the year		59,989	124,890
Cash at the beginning of the year		440,149	315,259
Total cash at end of the year	4	500,138	440,149

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended February 28, 2013

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, 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

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended February 28, 2013

Notes to the Financial Statements

Figures in Rand

2013

2012

2. Property, plant and equipment

	2013			2012		
	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	(1,639)	2,636	4,275	(1,306)	2,969
IT equipment	16,354	(11,748)	4,606	11,880	(8,713)	3,167
Total	28,426	(21,184)	7,242	23,952	(17,816)	6,136

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Total
Office equipment	2,969	-	(333)	2,636
IT equipment	3,167	4,474	(3,035)	4,606
	6,136	4,474	(3,368)	7,242

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	8,600	44,600
Deposits	-	2,240
Accrued income	8,800	-
	17,400	46,840

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	50	259
Bank balances	500,088	439,890
	500,138	440,149

5. Special reserves

- Quality Improvement System	37,759	44,562
- Camp Africa	65,083	46,950
- Equipped to Serve	6,040	2,378
- Child Friendly Church	3,016	3,016
- Small Grants Fund	17,548	(659)
	129,446	96,247

6. Designated accounts carried forward

- Quality Improvement Systems	6,982	169,594
- Education	31,945	22,414
	38,927	192,008

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended February 28, 2013

Notes to the Financial Statements

Figures in Rand	2013	2012
7. Trade and other payables		
Trade payables	9,774	5,860
QIS prepayments	6,400	-
Accrued expenses	12,535	-
Accrued audit fees	-	4,300
Accrued expenses: Workmans compensation	-	3,500
	28,709	13,660

8. Operating profit

Operating profit for the year is stated after accounting for the following:

Operating lease charges

Premises		
• Contractual amounts	50,780	41,944
Profit on exchange differences	4	-
Depreciation on property, plant and equipment	3,368	4,412
Employee costs	875,349	581,665

9. Cash generated from operations

Profit before taxation	169,687	98,823
Adjustments for:		
Depreciation and amortisation	3,368	4,412
Interest received	(15,568)	(12,597)
Movements in designated accounts carried forward	(153,081)	(132,978)
Changes in working capital:		
Trade and other receivables	29,440	(39,040)
Trade and other payables	15,049	197,948
	48,895	116,568

10. Prior period errors

In 2013 it was discovered that Connect Christian Network's reserves had been incorrectly disclosed as designated funds. The error has been adjusted retrospectively.

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position

Increase in special reserves	-	(96,247)
Decrease in designated fund liability	-	96,247

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended February 28, 2013

Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012
Revenue			
Donation income		963,927	669,212
Donation income - Child Sponsorship		16,959	-
Donation income - Education		310,379	99,895
Membership fees		23,400	22,600
Donation income - Quality improvement systems		174,612	211,987
Donation income - Camp Africa		116,073	164,739
Donation income - Equipped to serve		-	23,485
Donation income - Small grants		63,088	39,528
Donation income - Child Friendly Church		-	1,904
Event income		3,095	2,011
		1,671,533	1,235,361
Other income			
Consulting income		18,327	-
Resource income		58,587	6,320
Sundry income		100,089	52,715
Training income		48,000	57,200
Investment income		15,568	12,597
		240,571	128,832

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended February 28, 2013

Statement of Financial Performance

Figures in Rand	Note(s)	2013	2012
Operating expenses			
Accounting fees		5,402	17,788
Advertising		44,542	34,783
Auditors' remuneration		3,449	4,300
Bad debts		5,400	-
Bank charges		3,329	955
Cleaning		700	1,295
Catering		5,093	-
Computer expenses		2,211	9,427
Consulting fees		17,650	-
Child sponsorships		2,250	-
Office expenses		2,237	7,133
Board development		12,810	-
Depreciation		3,368	4,412
Employee costs		875,349	581,665
Entertainment		-	1,665
Meetings		9,858	9,391
Equipment maintenance		985	-
Equipped to serve expense		27,082	55,070
Office equipment		581	-
Camp Africa expense		104,624	164,394
Child Friendly Church expense		-	1,904
General expenses		2,979	-
Gifts		4,497	2,637
Venue Hire		850	-
Insurance		3,062	2,410
Lease rentals on operating lease		50,780	41,944
Loss on exchange differences		4	-
Network events		6,569	11,359
Postage		1,969	1,017
Printing and stationery		11,616	8,454
Resources		2,441	-
Refreshments		1,757	-
Repairs and maintenance		-	2,579
Quality improvement systems expense		183,536	108,909
Small assets written off		3,200	6,322
Trainers		900	-
Small grants expense		50,904	40,000
Education expense		171,218	73,681
Subscriptions		4,985	-
Telephone and fax		18,323	11,589
Staff training & development		6,256	3,878
Transport expenses		270	350
Travel - local		85,259	52,332
Utilities		4,122	3,727
		1,742,417	1,265,370
Profit for the year		169,687	98,823
Other comprehensive income		-	-
Total comprehensive income for the year		169,687	98,823