

# ***CONNECT CHRISTIAN NETWORK***

***FINANCIAL STATEMENTS  
For the year ended  
29 February 2012***

# Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended February 29, 2012

## General Information

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

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## Independent Auditors' Report

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### 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 29, 2012, 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.

**Naude & Partners**  
**Registered Auditor**

  
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17/08/2012



# Connect Christian Network

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Financial Statements for the year ended February 29, 2012

## 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 judgments 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 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, 2013 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 6 to 15, which have been prepared on the going concern basis, were approved by the board on 17 / 03 / 2012 and were signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# Connect Christian Network

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## Directors' Report

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The directors submit their report for the year ended February 29, 2012.

### 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.

### 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

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Financial Statements for the year ended February 29, 2012

### Statement of Financial Position

Figures in Rand	Note(s)	2012	2011
<b>Assets</b>			
Non-Current Assets			
Property, plant and equipment	2	6,136	6,273
Current Assets			
Trade and other receivables	3	46,840	7,800
Cash and cash equivalents	4	440,149	315,259
		<b>486,989</b>	<b>323,059</b>
<b>Total Assets</b>		<b>493,125</b>	<b>329,332</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		191,211	92,387
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables	6	13,660	7,721
Designated accounts carried forward	5	288,254	229,224
		<b>301,914</b>	<b>236,945</b>
<b>Total Equity and Liabilities</b>		<b>493,125</b>	<b>329,332</b>



## Connect Christian Network

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Financial Statements for the year ended February 29, 2012

### Statement of Comprehensive Income

Figures in Rand	Note(s)	2012	2011
Revenue		1,362,478	846,717
Interest received		1,715	1,100
Operating expenses		(1,265,369)	(794,008)
<b>Operating profit</b>	<b>7</b>	<b>98,824</b>	<b>53,809</b>
<b>Profit for the year</b>		<b>98,824</b>	<b>53,809</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>98,824</b>	<b>53,809</b>

## Connect Christian Network

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Financial Statements for the year ended February 29, 2012

### Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
<b>Balance at March 01, 2010</b>	<b>38,578</b>	<b>38,578</b>
Changes in equity		
Total comprehensive income for the year	53,809	53,809
Total changes	53,809	53,809
<b>Balance at March 01, 2011</b>	<b>92,387</b>	<b>92,387</b>
Changes in equity		
Total comprehensive income for the year	98,824	98,824
Total changes	98,824	98,824
<b>Balance at February 29, 2012</b>	<b>191,211</b>	<b>191,211</b>

Note(s)

## Connect Christian Network

(Registration number 2006/012058/08)

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Financial Statements for the year ended February 29, 2012

### Statement of Cash Flows

Figures in Rand	Note(s)	2012	2011
<b>Cash flows from operating activities</b>			
Cash receipts from customers		1,323,438	851,017
Cash paid to suppliers and employees		(1,194,273)	(649,101)
Cash generated from operations	8	129,165	201,916
<b>Net cash from operating activities</b>		<b>129,165</b>	<b>201,916</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(4,275)	(5,000)
<b>Total cash movement for the year</b>		<b>124,890</b>	<b>196,916</b>
Cash at the beginning of the year		315,259	118,340
<b>Total cash at end of the year</b>	4	<b>440,149</b>	<b>315,256</b>

# Connect Christian Network

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Trading as Connect Network

Financial Statements for the year ended February 29, 2012

## 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. These accounting policies are consistent with the previous year. They are presented in South African Rands.

#### 1.1 Property, plant and equipment

- 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 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 property, plant and equipment, which is as follows:

Item	Average useful life
Furniture and fixtures	6
IT equipment	3



# Connect Christian Network

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Financial Statements for the year ended February 29, 2012

## Notes to the Financial Statements

Figures in Rand 2012 2011

### 2. Property, plant and equipment

	2012			2011		
	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	(1,306)	2,969	-	-	-
IT equipment	11,880	(8,713)	3,167	11,880	(5,607)	6,273
<b>Total</b>	<b>23,952</b>	<b>(17,816)</b>	<b>6,136</b>	<b>19,677</b>	<b>(13,404)</b>	<b>6,273</b>

#### Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Total
Office equipment	-	4,275	(1,306)	2,969
IT equipment	6,273	-	(3,106)	3,167
	<b>6,273</b>	<b>4,275</b>	<b>(4,412)</b>	<b>6,136</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	44,600	7,800
Deposits	2,240	-
	<b>46,840</b>	<b>7,800</b>

### 4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	259	304
Bank balances	439,890	314,955
	<b>440,149</b>	<b>315,259</b>

Cash and cash equivalents held by the entity that are not available for use by the entity. - 229,224

### 5. Designated accounts carried forward

- Quality Improvement Systems	214,156	25,349
- Supercamps	46,950	162,743
- Equipped To Serve	2,378	34,863
- Child Friendly Church	3,016	6,270
- Education	21,754	-
	<b>288,254</b>	<b>229,225</b>

## Connect Christian Network

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Financial Statements for the year ended February 29, 2012

### Notes to the Financial Statements

Figures in Rand	2012	2011
<b>6. Trade and other payables</b>		
Trade payables	5,860	3,521
Accrued audit fees	4,300	4,200
Other accrued expenses	3,500	-
	<b>13,660</b>	<b>7,721</b>
<b>7. Operating profit</b>		
Operating profit for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	41,944	17,439
Depreciation on property, plant and equipment	4,412	3,583
Employee costs	581,665	364,901
<b>8. Cash generated from operations</b>		
Profit before taxation	98,824	53,809
<b>Adjustments for:</b>		
Depreciation and amortisation	4,412	3,583
Movements in designated accounts carried forward	59,030	140,303
<b>Changes in working capital:</b>		
Trade and other receivables	(39,040)	4,300
Trade and other payables	5,939	(79)
	<b>129,165</b>	<b>201,916</b>

# Connect Christian Network

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Financial Statements for the year ended February 29, 2012

## Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
<b>Revenue</b>			
Donation income		669,212	549,517
Admin / Management fee received		-	49,957
Donation income - Education		99,895	-
Membership fees		22,600	18,800
Donation income - Quality improvement systems		262,087	54,481
Donation income - Supercamp		182,739	133,917
Donation income - Equipped to serve		69,905	30,420
Interest received (trading)		12,597	4,933
Donation income - Small grants		39,528	-
Donation income - Child Friendly Church		1,904	4,632
Event income		2,011	60
		<b>1,362,478</b>	<b>846,717</b>
<b>Other income</b>			
Other income		1,715	1,100

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## Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011
<b>Operating expenses</b>			
Accounting fees		(17,788)	(8,106)
Advertising		(34,783)	(5,711)
Auditors' remuneration		(4,300)	(4,200)
Bad debts		-	(2,000)
Bank charges		(954)	(753)
Cleaning		(1,295)	(255)
Computer expenses		(9,427)	(13,238)
Consumables		(7,133)	(9,872)
Depreciation		(4,412)	(3,583)
Employee costs		(581,665)	(364,901)
Entertainment		(1,665)	-
Event expense		-	(2,552)
Meetings		(9,391)	-
Conference expenses		-	(3,778)
Contract fee - networking		-	(44,200)
Equipped to serve expense		(55,070)	(30,420)
Group expense		-	(58)
Office equipment		(6,322)	-
Supercamp expense		(164,394)	(133,917)
Child Friendly Church expense		(1,904)	(4,632)
Gifts & donations		(2,637)	(2,262)
Hire Equipment		-	(500)
Insurance		(2,410)	(2,385)
Lease rentals on operating lease		(41,944)	(17,439)
Network events		(11,359)	-
Postage		(1,017)	(869)
Printing and stationery		(8,454)	(8,484)
Repairs and maintenance		(2,579)	(22)
Quality improvement systems expense		(108,909)	(54,481)
Small grants expense		(40,000)	-
Education expense		(72,581)	-
Subscriptions		(1,100)	(1,150)
Telephone and fax		(11,589)	(5,500)
Staff training & development		(3,878)	(4,979)
Transport and freight		(350)	(800)
Travel - local		(52,332)	(61,161)
Utilities		(3,727)	(1,800)
		<b>(1,265,369)</b>	<b>(794,008)</b>
<b>Profit for the year</b>		<b>98,824</b>	<b>53,809</b>