

CONNECT CHRISTIAN NETWORK

2006/012058/08

FINANCIAL STATEMENTS
For the year ended
28 February 2017

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended 28 February 2017

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	
Non Profit Organization number	040-987	
Public Benefit Organization number	930031187	

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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

Qualified opinion

We have audited the Financial Statements of Connect Christian Network set out on pages 7 to 13, which comprise the Statement of Financial Position as at 28 February 2017, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the Financial Statements present fairly, in all material respects, the financial position of Connect Christian Network as at 28 February 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for qualified opinion

As in the case with similar organizations, it is not possible for management committee to apply accounting measures to cash collections during fund raising and donations before 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.

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. Other information does not include the Financial Statements and our auditor's report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the 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 misstatement, whether due to fraud or error.

In preparing the Financial Statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements WT Naudé - CA (SA) • I Du Toit CA (SA)

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Independent Auditor's Report

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Naude & Partners
I Du Toit
Chartered Accountants (S.A.)
Registered Auditors

14/08/2017

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended 28 February 2017

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.

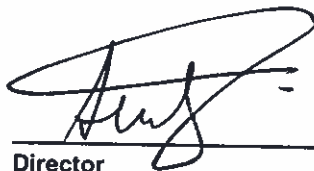
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control 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 2018 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



Director



Director
14/8/2017

Connect Christian Network

(Registration number 2006/012058/08)

Trading as Connect Network

Financial Statements for the year ended 28 February 2017

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 28 February 2017.

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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Trading as Connect Network

Financial Statements for the year ended 28 February 2017

Statement of Financial Position as at 28 February 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	2	8 511	736
Current Assets			
Trade and other receivables	3	28 100	51 059
Cash and cash equivalents	4	267 502	465 868
		295 602	516 927
Total Assets		304 113	517 663
Equity and Liabilities			
Equity			
Special reserves		138 128	226 894
Retained income		138 722	179 952
		276 850	406 846
Liabilities			
Current Liabilities			
Trade and other payables	7	27 263	30 567
Fund liabilities	6	-	80 250
		27 263	110 817
Total Equity and Liabilities		304 113	517 663

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2017	2016
Revenue		1 200 123	1 397 459
Other income		403 083	250 554
Operating expenses		(1 777 117)	(1 479 424)
Operating (loss) profit	8	(173 911)	168 589
Investment revenue		5 084	4 829
Finance costs		(1 169)	-
(Loss) profit for the year		(169 996)	173 418
Other comprehensive income		-	-
Total comprehensive (loss) income for the year		(169 996)	173 418

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Statement of Changes in Equity

Figures in Rand	Special reserves	Retained income	Total equity
Balance at 01 March 2015	47 836	255 387	303 223
Profit for the year	-	173 418	173 418
Prior period error	-	-	-
Total comprehensive income for the year	-	173 418	173 418
Transfer between reserves	179 058	(219 058)	(40 000)
Prior period error	-	(29 795)	(29 795)
Total changes	179 058	(248 853)	(69 795)
Balance at 01 March 2016	226 894	179 952	406 846
Loss for the year	-	(169 996)	(169 996)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(169 996)	(169 996)
Transfer between reserves	(88 766)	128 766	40 000
Total changes	(88 766)	128 766	40 000
Balance at 28 February 2017	138 128	138 722	276 850
Note(s)	5		

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Statement of Cash Flows

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Cash receipts from customers		1 149 233	1 414 249
Cash paid to suppliers and employees		(1 341 939)	(1 202 182)
Cash (used in) generated from operations	9	(192 706)	212 067
Interest income		5 084	4 829
Finance costs		(1 169)	-
Net cash from operating activities		(188 791)	216 896
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(9 575)	-
Total cash movement for the year		(198 366)	216 896
Cash at the beginning of the year		465 868	248 972
Total cash at end of the year	4	267 502	465 868

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Financial Statements for the year ended 28 February 2017

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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Financial Statements for the year ended 28 February 2017

Notes to the Financial Statements

Figures in Rand

2017

2016

2. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	17 373	(8 862)	8 511	7 797	(7 797)	-
Office equipment	4 275	(4 275)	-	4 275	(4 204)	71
IT equipment	25 054	(25 054)	-	25 054	(24 389)	665
Total	46 702	(38 191)	8 511	37 126	(36 390)	736

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	-	9 575	(1 064)	8 511
Office equipment	71	-	(71)	-
IT equipment	665	-	(665)	-
	736	9 575	(1 800)	8 511

3. Trade and other receivables

Trade receivables		28 100	44 059
Deposits		-	5 000
Accrued income		-	2 000
		28 100	51 059

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand		882	530
Bank balances		266 620	465 338
		267 502	465 868

5. Special reserves

- Advocacy Fund		-	7 069
- Child Sponsorship		6 841	7 907
- Equipped to Serve		6 219	6 499
- Quality Improvement System		-	7 726
- Small Grants Fund		63 371	84 336
- Supercamps		54 630	113 357
- IKAPA Volunteers		5 655	-
- Homeless Blankets		1 412	-
		138 128	226 894

6. Fund liabilities

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

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Financial Statements for the year ended 28 February 2017

Notes to the Financial Statements

Figures in Rand	2017	2016
7. Trade and other payables		
Trade payables	11 002	20 016
QIS prepayments	4 200	4 200
Accrued expenses	12 061	6 351
	27 263	30 567

8. Operating profit

Operating (loss) profit for the year is stated after accounting for the following:

Operating lease charges

Premises

- Contractual amounts

	98 355	80 872
Loss on exchange differences	(619)	-
Depreciation on property, plant and equipment	1 800	4 128
Employee costs	611 378	625 904
Early Childhood Development Trainings	56 928	70 133

9. Cash (used in) generated from operations

(Loss) profit before taxation	(169 996)	173 418
Adjustments for:		
Depreciation and amortisation	1 800	4 128
Interest received	(5 084)	(4 829)
Finance costs	1 169	-
Other non-cash items	(80 250)	80 250
Other non-cash items	40 000	(40 000)
Changes in working capital:		
Trade and other receivables	22 959	(11 959)
Trade and other payables	(3 304)	11 059
	(192 706)	212 067

10. Prior period errors

As a result of the normal SARS investigation, Connect Christian Network's vat number has been suspended and an application for a vat deregistration has been submitted.

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

Statement of Financial Position

Trade Receivables	-	(29 795)
Opening retained earnings	-	29 795

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Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016
Revenue			
Donation income		715 365	832 750
Donation income - Child Sponsorship		2 944	8 286
Donation income - Camp Africa		91 221	134 180
Donation income - Quality improvement systems		65 000	93 000
Donation income - Small grants		206 564	257 136
Donation income - The Community Chest of Western Cape		50 000	20 000
Event income		23 829	13 007
Membership fees		45 200	39 100
		1 200 123	1 397 459
Other income			
Consulting income		187 020	73 723
Investment income		5 084	4 829
Profit and loss on exchange differences		619	-
Rental income		13 005	12 655
Resource income		700	600
Royalties received		6 920	3 080
Sundry income		6 900	6 670
Training income		164 750	153 826
IKAPA Volunteers		23 169	-
		408 167	255 383

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Statement of Financial Performance

Figures in Rand	Note(s)	2017	2016
Operating expenses			
Accounting fees		10 610	12 372
Advertising		23 003	22 403
Auditors remuneration		15 618	14 535
Bad debts		4 300	25 406
Bank charges		3 780	3 678
Board development		9 397	1 000
Camp Africa expense		120 487	1 967
Child sponsorships		4 010	4 717
Cleaning		1 020	1 150
Computer expenses		2 888	5 949
Consulting fees		171 816	30 133
Depreciation		1 800	4 128
Donations		1 900	9 143
Employee costs		611 378	625 904
Event expense		-	12 563
Equipment maintenance		1 975	700
IKAPA Volunteers		18 525	-
Equipped to serve expense		3 600	6 600
First aid training		44 125	-
Gifts		14 006	8 266
Insurance		9 617	6 569
Lease rentals on operating lease		98 355	80 872
Network events		15 532	22 197
Office expenses		6 641	3 788
Postage		1 773	1 825
Printing and stationery		23 775	18 534
Quality improvement systems expense		200 864	199 162
Resources		2 438	1 381
Refreshments		12 432	12 241
Repairs and maintenance		306	960
Early childhood development trainings		56 928	70 133
Small assets written off		7 099	1 749
Small grants expense		147 605	156 927
Staff training & development		18 167	13 806
Subscriptions		4 601	300
Telephone and fax		21 608	19 310
Transport expenses		2 005	-
Travel - local		83 133	79 056
		1 777 117	1 479 424
Operating (loss) profit	8	(168 827)	173 418
Finance costs		(1 169)	-
(Loss) profit for the year		(169 996)	173 418