

Connect Christian Network

(Registration Number 2006/012058/08)

Annual Financial Statements

for the year ended 28 February 2018

Audited Financial Statements

Connect Christian Network

(Registration Number 2006/012058/08)

Annual Financial Statements for the year ended 28 February 2018

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General Information

Country of Incorporation and Domicile	South Africa
Registration Number	2006/012058/08
Nature of Business and Principal Activities	A network of churches, christian organisations and individuals working with women and children in need in the Western Cape
Directors	DN Moskoff VP Stannard (Appointed 12 April 2018) C Anderson (Appointed 12 April 2018)
Registered Office	1st Floor Alexander Building 147 Main Road Somerset West 7129
Postal Address	PO Box 1005 Somerset West 7130
Tax Number	9389808156
PAYE Registration number	7320764071
UIF Registration number	U320764071
PBO Reference number	930031187
NPO Reference number	NPO 040-987
Level of Assurance	These financial statements have been audited.
Auditors	Naude & Partners 7 Lourensford Road Somerset West 7129

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Directors' Responsibilities and Approval

The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards form and content and present fairly the statement of financial position, results of operations and business of the non-profit company, and explain the transactions and financial position of the business of the non-profit company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the non-profit company 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 non-profit company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set 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 non-profit company and all employees are required to maintain the highest ethical standards in ensuring the non-profit company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the non-profit company is on identifying, assessing, managing and monitoring all known forms of risk across the non-profit company. While operating risk cannot be fully eliminated, the non-profit 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 and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the non-profit company will not be a going concern in the foreseeable future. The financial statements support the viability of the non-profit company.

The annual financial statements have been audited by the independent auditing firm, Naude & Partners, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the member, the directors and committees of the directors. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's qualified audit report is presented on pages 5 to 6.

The annual financial statements set out on pages 7 to 15 were approved by the directors on 28.2.2018 and were signed on their behalf by:



DN Moskoff



VP Stannard

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Directors' Report

The directors present their report for the year ended 28 February 2018.

1. Review of financial results and activities

Main business and operations

The principal activity of the non-profit company is a network of churches, christian organisations and individuals working with women and children in need in the western cape. There were no major changes herein during the year.

The non-profit company generated a surplus after tax for the year ended 28 February 2018 of Rands 113,006 (2017: deficit of Rands 169,997).

Non-Profit Company revenue increased from Rands 1,200,123 in the prior year to Rands 1,656,087 for the year ended 28 February 2018.

Non-Profit Company cash flows from operating activities changed from an outflow of Rands 198,366 in the prior year to an inflow of Rands 82,899 for the year ended 28 February 2018.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after reporting date

The directors are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the non-profit company.

4. Directors

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

DN Moskoff

VP Stannard (Appointed 12 April 2018)

C Anderson (Appointed 12 April 2018)

5. Independent Auditors

Naude & Partners were the independent auditors for the year under review.



Naudé & Partners

Registered accountants

Independent Auditor's Report

To the Member of Connect Christian Network

Qualified Opinion

We have audited the financial statements of Connect Christian Network set out on pages 7 to 15, which comprise the statement of financial position as at 28 February 2018, and the statement of comprehensive income, the statement of changes in equity and the 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 the non-profit company as at 28 February 2018, 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.

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 (ISAs). 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 non-profit 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, and the supplementary information set out on pages 16 to 18. 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 on the other information obtained prior to the date of this auditor's report, 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.

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

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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 the International Financial Reporting Standard for Small and Medium-sized Entities, 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 non-profit 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 non-profit company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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 ISAs 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 ISAs, 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 non-profit 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 non-profit 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 non-profit 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

Registered Auditor

31.08.2018

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Financial Statements for the year ended 28 February 2018

Statement of Financial Position

Figures in Rands

	Notes	2018	2017
Assets			
Non-current assets			
Property, plant and equipment	3	6,915	8,511
Total non-current assets		6,915	8,511
Current assets			
Trade and other receivables	4	51,588	28,100
Cash and cash equivalents	5	350,401	267,502
Total current assets		401,989	295,602
Total assets		408,904	304,113
Equity and liabilities			
Equity			
Accumulated surplus		256,716	138,721
Special reserves	6	133,139	138,128
Total equity		389,855	276,849
Liabilities			
Current liabilities			
Trade and other payables	7	19,049	27,264
Total liabilities		19,049	27,264
Total equity and liabilities		408,904	304,113

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Financial Statements for the year ended 28 February 2018

Statement of Comprehensive Income

Figures in Rands	Notes	2018	2017
Revenue		1,656,087	1,200,123
Other income		346,379	402,464
Administrative expenses	8	(64,339)	(59,105)
Other expenses		(1,832,519)	(1,718,013)
Other gains		4,100	619
Surplus / (deficit) from operating activities	9	109,708	(173,912)
Finance income		3,298	5,084
Finance costs		-	(1,169)
Surplus / (deficit) for the year		113,006	(169,997)

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Statement of Changes in Equity

Figures in Rands	Special reserves	Accumulated surplus	Total
Balance at 1 March 2016	226,894	179,952	406,846
Changes in equity			
Deficit for the year	-	(169,997)	(169,997)
Total comprehensive income	-	(169,997)	(169,997)
Transfers between equity			
Transfers to retained income	-	128,766	128,766
Transfers from special reserves	(88,766)	-	(88,766)
Balance at 28 February 2017	138,128	138,721	276,849
Balance at 1 March 2017	138,128	138,721	276,849
Changes in equity			
Surplus for the year	-	113,006	113,006
Total comprehensive income	-	113,006	113,006
Transfers between equity			
Transfers to retained income	-	4,989	4,989
Transfers from special reserves	(4,989)	-	(4,989)
Balance at 28 February 2018	133,139	256,716	389,855

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Statement of Cash Flows

Figures in Rands

	Note	2018	2017
Cash flows from / (used in) operations			
Cash receipts from customers		1,963,028	1,621,246
Cash paid to suppliers and employees		(1,887,527)	(1,854,573)
Net cash flows from / (used in) operations		75,501	(233,327)
Interest received		3,298	5,084
Other non cash items		-	40,002
Net cash flows from / (used in) operating activities		78,799	(188,241)
Cash flows from / (used in) investing activities			
Proceeds from sales of property, plant and equipment		4,100	-
Purchase of property, plant and equipment		-	(9,575)
Purchase of other financial assets		-	619
Cash flows from / (used in) investing activities		4,100	(8,956)
Cash flows used in financing activities			
Interest paid		-	(1,169)
Cash flows used in financing activities		-	(1,169)
Net increase / (decrease) in cash and cash equivalents		82,899	(198,366)
Cash and cash equivalents at beginning of year		267,502	465,868
Cash and cash equivalents at end of year	5	350,401	267,502

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Accounting Policies

1. Basis of preparation

The financial statements of Connect Christian Network have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, biological assets and derivative financial instruments at fair value.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the non-profit company's accounting policies.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the directors.

The non-profit company adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the non-profit company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the period in which they are incurred.

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Asset class	Useful life / depreciation
	rate
Fixtures and fittings	6
Office equipment	5
Computer equipment	3

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains/(losses)' in the statement of comprehensive income.

2.2 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is shown net of returns, rebates and discounts.

Interest income is recognised using the effective interest method.

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Accounting Policies

Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term and is included in 'other income'.

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement.

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Notes to the Financial Statements

Figures in Rands

2018

2017

3. Property, plant and equipment

3.1 Balances at year end and movements for the year

	Fixtures and fittings	Office equipment	Computer equipment	Total
Reconciliation for the year ended 28 February 2018				
Balance at 1 March 2017				
At cost	17,373	4,275	25,054	46,702
Accumulated depreciation	(8,862)	(4,275)	(25,054)	(38,191)
Net book value	8,511	-	-	8,511
Movements for the year ended 28 February 2018				
Depreciation	(1,596)	-	-	(1,596)
Property, plant and equipment at end of year	6,915	-	-	6,915
Closing balance at 28 February 2018				
At cost	17,373	4,275	25,054	46,702
Accumulated depreciation	(10,458)	(4,275)	(25,054)	(39,787)
Net book value	6,915	-	-	6,915
Reconciliation for the year ended 28 February 2017				
Balance at 1 March 2016				
At cost	7,797	4,275	25,054	37,126
Accumulated depreciation	(7,797)	(4,204)	(24,389)	(36,390)
Net book value	-	71	665	736
Movements for the year ended 28 February 2017				
Additions	9,575	-	-	9,575
Depreciation	(1,064)	(71)	(665)	(1,800)
Property, plant and equipment at the end of the year	8,511	-	-	8,511
Closing balance at 28 February 2017				
At cost	17,373	4,275	25,054	46,702
Accumulated depreciation	(8,862)	(4,275)	(25,054)	(38,191)
Net book value	8,511	-	-	8,511

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2018

2017

4. Trade and other receivables

4.1 Trade and other receivables comprise:

Trade receivables	45,713	28,100
Sundry debtors	2,875	-
Deposits	3,000	-
Total current receivables	51,588	28,100

5. Cash and cash equivalents

5.1 Cash and cash equivalents comprise:

Cash		
Cash on hand	299	882
Balances with banks	350,102	266,620
Total cash	350,401	267,502
Total cash and cash equivalents included in current assets	350,401	267,502
Net cash and cash equivalents	350,401	267,502

6. Special reserves

- Child Sponsorship	149	6,841
- Equipped to Serve	15,940	6,219
- Quality Improvement System	33,204	-
- Small Grants Fund	18,988	63,371
- CampAfrica	-	54,630
- IKAPA Volunteers	(3,135)	5,655
- Homeless Blankets	1,412	1,412
- Proliteracy Project	66,582	-
	133,139	138,128

7. Trade and other payables

7.1 Trade and other payables comprise:

Trade creditors	6,997	11,003
Accrued expenses	7,852	12,061
QIS prepayments	4,200	4,200
Total trade and other payables	19,049	27,264

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Figures in Rands

2018

2017

8. Administrative expenses

8.1 Administrative expenses comprise:

Accounting fees	10,208	10,610
Auditors remuneration	16,849	15,618
Bank charges	4,103	3,780
Computer expenses	9,894	2,888
Subscriptions	3,099	4,601
Telephone and fax	20,186	21,608
	<u>64,339</u>	<u>59,105</u>

9. Surplus / (deficit) from operating activities

9.1 Surplus / (deficit) from operating activities includes the following separately disclosable items

Other operating expenses

Property plant and equipment - depreciation	1,596	1,800
Leases - operating lease minimum lease rentals	108,290	98,355
Other employee benefits	586,859	611,378

Audit fees

Auditors remuneration	16,849	15,618
	<u>16,849</u>	<u>15,618</u>

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Detailed Income Statement

Figures in Rands

	2018	2017
Revenue		
Affiliation fees	44,600	45,200
Donation income	1,204,367	715,365
Donation income - Camp Africa	115,657	91,221
Donation income - Child Sponsorship	1,862	2,944
Donation income - Quality improvement systems	127,600	65,000
Donation income - Small grants	119,512	206,564
Donation income - The Community Chest of Western Cape	20,000	50,000
Event income	22,489	23,829
Total revenue	1,656,087	1,200,123
Gross surplus	1,656,087	1,200,123
Other income		
Consulting income	52,453	187,020
IKAPA Volunteers	62,202	23,169
Interest received	3,298	5,084
Rent received	30,665	13,005
Resource income	3,550	700
Royalties received	9,720	6,920
Sundry income	67,714	6,900
Training income	120,075	164,750
Total other income	349,677	407,548
Other gains and losses		
Gain or loss on exchange differences	-	619
Gain or loss on sale - property, plant and equip.	4,100	-
Total other gains and losses	4,100	619

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Detailed Income Statement

Figures in Rands

	2018	2017
Other operating expenses		
Accounting fees	(10,208)	(10,610)
Advertising	(22,737)	(23,003)
Auditors' remuneration	(16,849)	(15,618)
Bad debts	(15,950)	(4,300)
Bank charges	(4,103)	(3,780)
Board development	-	(9,397)
CampAfrica expense	(194,042)	(120,487)
Child Friendly Church expense	(43,465)	-
Child sponsorships	(8,555)	(4,010)
Cleaning	(1,050)	(1,020)
Computer expenses	(9,894)	(2,888)
Consulting fees	(176,153)	(171,816)
Depreciation - property, plant and equipment	(1,596)	(1,800)
Donations	-	(1,900)
Early childhood development training	(5,130)	(56,928)
Employee expense - salaries	(586,859)	(611,378)
Equipment maintenance	(2,918)	(1,975)
Equipped to serve expense	(3,600)	(3,600)
First Aid Training	-	(44,125)
Gifts	(14,113)	(14,006)
IKAPA Volunteers	(72,472)	(18,525)
Insurance	(11,058)	(9,617)
Interest paid - trade and other payables	-	(1,169)
Lease rental on operating lease	(108,290)	(98,355)
Network Events	(13,679)	(15,532)
Office and clubhouse expenses	(4,838)	(6,641)
Postage	(1,789)	(1,773)
Printing and stationery	(34,406)	(23,775)
Proliteracy expense	(10,107)	-
Quality improvement systems expense	(200,140)	(200,864)
Refreshments	(17,176)	(12,432)
Repairs and maintenance - deductible	-	(306)
Resources	(1,880)	(2,438)
Small assets written off	(6,114)	(7,099)
Small grants expense	(155,206)	(147,605)
Stipend	(5,000)	-
Subscriptions	(3,099)	(4,601)
Telephone and fax	(20,186)	(21,608)
Training	(21,441)	(18,167)
Transport	(5,152)	(2,006)
Travel - local	(67,603)	(83,133)
Umvoto Health & Sanitation expense	(20,000)	-
Total other expenses	(1,896,858)	(1,778,287)

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	2018	2017
Surplus / (deficit) before tax	113,006	(169,997)
Surplus / (deficit) for the year	113,006	(169,997)