

**Tongaat Child and Family Welfare Society
(Registration number 002-276 NPO)
Annual Financial Statements
for the year ended 28 February 2019**

Tongaat Child and Family Welfare Society

(Registration number 002-276 NPO)

Annual Financial Statements for the year ended 28 February 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Non Profit Organisation
Business address	12-14 Tesco Drive Potgieters Hill Tongaat
Postal address	PO Box 135 Tongaat 4400
Bankers	First National Bank
Registration number	002-276 NPO

Tongaat Child and Family Welfare Society

(Registration number 002-276 NPO)

Annual Financial Statements for the year ended 28 February 2019

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Management Responsibilities and Approval

The management committee are required in terms of the society's constitution 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 fairly present the state of affairs of the society 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 basis of accounting described in note 1 to the financial statement. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the basis of accounting described in note 1 to the financial statement and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The management committee acknowledge that they are ultimately responsible for the system of internal financial control established by the society and place considerable importance on maintaining a strong control environment. To enable the management committee to meet these responsibilities, the society 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 society and all employees are required to maintain the highest ethical standards in ensuring the society is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the society is on identifying, assessing, managing and monitoring all known forms of risk across the society. While operating risk cannot be fully eliminated, the society endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.


The management committee 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The management committee have reviewed the society's cash flow forecast for the year to 29 February 2020 and, in light of this review and the current financial position, they are satisfied that the society has or had access to adequate resources to continue in operational existence for the foreseeable future.


The external auditors are responsible for independently auditing and reporting on the society's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 6 to 13, which have been prepared on the going concern basis, were approved by the management committee on 31 August 2019 and were signed on their behalf by:

Approval of financial statements



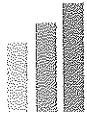
President



Treasurer



Secretary



LDG

LDG CHARTERED ACCOUNTANTS INCORPORATED
REGISTRATION NUMBER: 2018/594701/21

Independent Auditor's Report

To the Members of Board of Management of Tongaat Child and Family Welfare Society

Qualified Opinion

We have audited the annual financial statements of Tongaat Child and Family Welfare Society set out on pages 6 to 13, which comprise the statement of financial position as at 28 February 2019, and the statement of profit or loss and other comprehensive income and statement of cash flows for the year then ended, and notes to the annual 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 Qualification Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of Tongaat Child and Family Welfare Society as at 28 February 2019, and its financial performance and cash flows for the year then ended in accordance with the accounting policies as set out in note 1 to the financial statements and in the manner required by the Non - Profit Organisations Act of 1997.

Basis for Qualified opinion

Cash donations are a significant source of fundraising revenue for the society. The board of management have determined that it is impracticable to establish internal controls over the collection of cash donations prior to the initial entry into its financial records. We were therefore unable to confirm whether all cash donations were recorded.

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 annual financial statements section of our report. We are independent of the society 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 annual 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 (Part A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

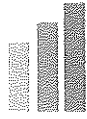
We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the Society's own accounting policies to satisfy the financial information needs of its members. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Board of Management for the Annual Financial Statements

The Board of Management is responsible for the preparation and fair presentation of the annual financial statements in accordance with the accounting policies set out in Note 1 of the financial statements and in the manner required by the Non- Profit Organisation Act of 1997 and for such internal control as the Board determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Board of Management is responsible for assessing the society'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 Board of Management either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

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Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual financial statements.

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

- Identify and assess the risks of material misstatement of the annual 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 Board of Management.
- Conclude on the appropriateness of the Board of Management 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 society'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 annual 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 annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Management 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.

LDG Chartered Accountants Incorporated
Director: L Govender
Registered Auditor
Chartered Accountant (SA)
Umhlanga Ridge
31 August 2019

Tongaat Child and Family Welfare Society

(Registration number 002-276 NPO)

Annual Financial Statements for the year ended 28 February 2019

Statement of Financial Position as at 28 February 2019

Figures in Rand	Note(s)	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	2	1 163 677	1 176 347
Investments		5 137 152	4 811 389
		6 300 829	5 987 736
Current Assets			
Trade and other receivables	3	384 250	407 038
Cash and cash equivalents	4	2 827 370	2 404 321
		3 211 620	2 811 359
Total Assets		9 512 449	8 799 095
Equity and Liabilities			
Equity			
Retained income		8 712 945	7 941 600
Liabilities			
Non-Current Liabilities			
Specific Bequests	5	260 012	260 012
Current Liabilities			
Trade and other payables	6	538 234	596 225
Trust creditors		1 258	1 258
		539 492	597 483
Total Liabilities		799 504	857 495
Total Equity and Liabilities		9 512 449	8 799 095

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Annual Financial Statements for the year ended 28 February 2019

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	2019	2018
Revenue		4 094 716	2 998 335
Excess income over expenditure - charity fair	8	413 128	400 179
Other operating expenses		(3 736 499)	(3 474 927)
Profit (loss) for the year		771 345	(76 413)
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		771 345	(76 413)

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Annual Financial Statements for the year ended 28 February 2019

Statement of Cash Flows

Figures in Rand	Note(s)	2019	2018
Cash flows from operating activities			
Cash generated from operations		449 656	(101 497)
Interest income		346 216	355 837
		-	-
Net cash from operating activities		795 872	254 340
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(47 060)	-
Investments made	2	(325 763)	(1 304 046)
Net cash from investing activities		(372 823)	(1 304 046)
Cash flows from financing activities			
Total cash movement for the year		423 049	(1 049 706)
Cash at the beginning of the year		2 404 321	3 454 027
Total cash at end of the year	4	2 827 370	2 404 321

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Annual Financial Statements for the year ended 28 February 2019

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

Basis of preparation

The annual financial statements have been prepared in accordance with the Society's constitution and related policies and procedures. The statements have been prepared consistently with that of the previous year on the historical cost basis.

Property, plant and equipment

Property, plant and equipment are tangible assets which the society holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

Item	Depreciation method	Average useful life
Buildings	None	50 years
Furniture and fixtures	Reducing Balance	10 years
Motor vehicles	Reducing Balance	5 years
Office equipment	Reducing Balance	10 years
Computer equipment	Reducing Balance	10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Land and building comprise of :

Described as ERF 6726 Tongaat (extension no 43) Registration Division FU in the North Local Council Area and in the Durban Metro Area, Province of Kwa-Zulu Natal, in extent 6120 sqm.

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Annual Financial Statements for the year ended 28 February 2019

Accounting Policies

Financial instruments

The entity classifies financial instruments or their component parts on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and financial liabilities are recognised on the Society's Balance Sheet when the society becomes party to the contractual provisions of the instrument.

Trade and other receivables

Classification

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the asset is impaired.

Trade and other payables

Classification

Trade payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Government grants

Government grants are recognised when there is a reasonable assurance that the organisation will comply with the conditions attaching to them and the grants will be received.

Grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

Provisions

Provisions are recognised when :

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Revenue

Service revenue is recognised on the accrual basis in accordance with the substance of the relevant agreements.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates and value added tax. Interest is recognised, in profit or loss, using the effective interest rate method.

Donations and revenue from fund raising are recognised on the cash basis in accordance with the substance of relevant agreements.

Tongaat Child and Family Welfare Society

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Annual Financial Statements for the year ended 28 February 2019

Notes to the Annual Financial Statements

Figures in Rand 2019 2018

2. Property, plant and equipment

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land and buildings	867 533	-	867 533	842 006	-	842 006
Furniture and fixtures	72 173	(46 952)	25 221	72 173	(44 150)	28 023
Motor vehicles	600 745	(448 946)	151 799	600 745	(410 996)	189 749
Office equipment	196 576	(143 019)	53 557	196 576	(137 645)	58 931
Computer equipment	237 564	(172 695)	64 869	216 031	(159 169)	56 862
Electrical equipment	12 393	(11 695)	698	12 393	(11 617)	776
Total	1 986 984	(823 307)	1 163 677	1 939 924	(763 577)	1 176 347

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Land and buildings	842 006	25 527	-	867 533
Furniture and fixtures	28 023	-	(2 802)	25 221
Motor vehicles	189 749	-	(37 950)	151 799
Office equipment	58 931	-	(5 374)	53 557
Computer equipment	56 862	21 199	(13 192)	64 869
Electrical equipment	776	-	(78)	698
	1 176 347	46 726	(59 396)	1 163 677

Reconciliation of property, plant and equipment - 2018

	Opening balance	Depreciation	Total
Buildings	842 006	-	842 006
Furniture and fixtures	31 137	(3 114)	28 023
Motor vehicles	237 186	(47 437)	189 749
Office equipment	65 478	(6 547)	58 931
Computer equipment	71 077	(14 215)	56 862
Electrical equipment	862	(86)	776
	1 247 746	(71 399)	1 176 347

3. Trade and other receivables

Financial instruments:		
Trade receivables	190 533	188 278
Deposits	14 484	14 484
Non-financial instruments:		
VAT	179 233	204 276
Total trade and other receivables	384 250	407 038

Split between non-current and current portions

Current assets	384 250	407 038
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Tongaat Child and Family Welfare Society

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Annual Financial Statements for the year ended 28 February 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
4. Cash and cash equivalents		
Cash on hand	194 166	734 913
Bank balances	2 633 204	1 669 408
	2 827 370	2 404 321
<p>R50,000.00 of the funds in a fixed deposit has been ceded to First National Bank as security in respect of the overdraft facility.</p>		
5. Specific Bequests		
Various	190 818	190 818
The Manilal Valjee Gandhi Desai High	69 194	69 194
Specific Bequests	260 012	260 012
Split between non-current and current portions		
Non-current liabilities	260 012	260 012
6. Trade and other payables		
Trade payables	79 046	346 349
Income recieved in advance	414 588	240 276
KZN Slots	44 600	9 600
	538 234	596 225
7. Employee costs		
Employee costs		
Basic	2 315 003	2 142 170
Casual labour	-	6 925
PAYE	268 292	245 180
Pension fund	10 613	10 168
Provident fund	215 449	202 384
	2 809 357	2 606 827

Tongaat Child and Family Welfare Society

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Notes to the Annual Financial Statements

Figures in Rand	2019	2018
8. Other Income		
Charity Fair		
Income	(1 089 387)	(1 005 805)
Advertising and Promotions	2 740	-
Bank Charges	12 754	13 138
Cleaning	990	-
Depreciation	791	878
Entertainment Expenses	187 809	133 483
Restaurant	120 570	180 112
Security	46 100	55 740
Stalls	20 000	-
Technical	247 329	192 305
Raffle	2 399	-
Volunteers	1 082	-
Publicity	17 314	29 970
Printing and Stationery	9 247	-
Sundry Expenses	7 134	-
	(413 128)	(400 179)

9. Taxation

The Society has been approved as a Public Benefit Organisation in terms of Section 30 of the Income Tax Act. Receipts and accruals are therefore exempt from Income Tax in terms of Section 10 (1)(cN) of the Act. Hence no provision has been made for income tax.

Tongaat Child and Family Welfare Society

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Annual Financial Statements for the year ended 28 February 2019

Detailed Income Statement

Figures in Rand	Note(s)	2019	2018
Revenue			
Membership fees		-	60
DEC trainee fees		3 350	3 650
National lotteries commission		894 817	-
Donations		104 966	38 396
Sundry income		16 889	-
Rental income		356 030	373 024
Fundraising income		164 938	65 400
Interest received		346 216	355 837
Department of Social Development-Kwa Zulu Natal		2 189 401	2 143 488
Childrens fund		-	18 480
Pure hearts safe house		1 000	-
Insurance claim		17 109	-
		4 094 716	2 998 335
Other operating income			
Excess income over expenditure - charity fair		413 128	400 179
Expenses (Refer to page 15)		(3 736 499)	(3 474 927)
Profit (loss) for the year		771 345	(76 413)

Tongaat Child and Family Welfare Society

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Annual Financial Statements for the year ended 28 February 2019

Detailed Income Statement

Figures in Rand	Note(s)	2019	2018
Other operating expenses			
Affiliation fees CWSA		(900)	-
Advertising and promotions		(5 285)	(11 075)
Accounting fees		(5 000)	(8 500)
Audit fees		(20 000)	(15 000)
Sundry expenses		(48 999)	(8 300)
Bank charges		(13 770)	(12 414)
Cleaning		(10 256)	(7 667)
Car motor show		(53 306)	-
Computer expenses		(37 041)	(55 023)
Consulting fees - CWSA		(1 800)	-
Childrens fund		(52 590)	(77 947)
Depreciation		(59 396)	(71 399)
Employee costs		(2 809 357)	(2 606 827)
Community projects and functions		(40 630)	(53 245)
Truro empowerment centre expenses		(1 059)	(2 240)
Pure hearts safe house		(20 231)	-
Social relief		(56 333)	(57 635)
Small assets written off		(6 651)	(4 886)
Interest and penalties		(9 811)	(49 372)
Insurance		(94 155)	(77 665)
Motor vehicle expenses		(106 779)	(106 701)
Municipal expenses		(67 815)	(65 381)
Printing and stationery		(51 444)	(43 786)
Repairs and maintenance		(76 519)	(64 113)
Staff welfare		(16 444)	(5 850)
Subscriptions		(2 600)	-
TV licenses		(230)	-
Telephone and fax		(66 900)	(62 627)
Travel		(1 198)	(7 274)
		(3 736 499)	(3 474 927)