

Vulamasango
(Registration number 065-759-NPO)
Financial statements
for the year ended 28 February 2017

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Vulamasango

(Registration number: 065-759-NPO)

Financial Statements for the year ended 28 February 2017

General Information

Country of incorporation and domicile	South Africa
Registered office	Plot 789 Weltevreden Road Philippi 7785
Business address	Plot 789 Weltevreden Road Philippi 7785
Postal address	P O Box 177 Observatory 7935
Auditor	Armien Chartered Accountants (SA) Chartered Accountant (SA) Registered Auditor Unit 1, Mews 2 Rosmead Centre Kenilworth 7708 P O Box 44897 Claremont 7735
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the NPO.

Handwritten initials/signature

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Financial Statements for the year ended 28 February 2017

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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 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 organisation 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 as set out in Note 1 to the financial statements. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the basis of accounting as set out in Note 1 to the financial statements 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 organisation 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation 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 organisation'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 trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the organisation's financial statements. The financial statements have been examined by the organisation's external auditor and their report is presented on page 6.

The financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the board of directors on 14 November 2017 and were signed on its behalf by:

Approval of financial statements



Florian Michael Kramer



Philip Ruther

Cape Town

Tuesday, 14 November 2017




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Directors' Report

1. The organisation

The organisation was formed as a non governmental organisation in terms of its constitution dated 09 September 2008 and approved as a Non-profit organisation by the Department of Social Development on the 09 December 2008.

Mission

To enhance and promote the physical, social, emotional and intellectual well-being of children and youth aged 0 to 21 years from disadvantaged communities in South Africa.

Vision

To establish a multi-purpose facility delivering services to children in need by offering various programmes as well as temporary and/or permanent institutionalised care to children of the disadvantaged residential areas of Cape Town. These services will be established in accordance with the immediate and adapted to the changing needs of the community. The services will be delivered based on the child-rearing techniques and philosophical principles set out by Rudolf Steiner (commonly known as Waldorf Education).

The Objectives

The organisation's main objectives are to address the growing issue of children being orphaned, abused or neglected by the spread of crime, alcohol abuse, poverty and HIV/Aids and other illnesses in a holistic and sustainable manner. This will include:

- Creating a temporary or permanent place of safety for children who cannot be adopted or taken in by foster families. This will include creating living conditions closely resembling those of a family, i.e. small family-units of no more than 10 children living in a house with a set of caregivers (house parents).
- Establishing a small day-care clinic for the children where they receive specialised medical treatment by a team of dedicated nurses and doctors.
- Establishing extensive food gardens to harvest fresh farm produce for the children and to make a feeding-scheme partly self sustainable. This will help to integrate children into a natural environment where they learn the value of healthy, bio-dynamic farming and a wholesome diet of self produced vegetables.
- Establish an Educare facility for the pre-school children living on the premises according to the principles of Waldorf Education.
- Establishing an After-School care for children and youth aged between 6 and 21 years of age, offering a wide range of structured, professionally supervised schedules of activities to provide children with holistic after school education, skills training and entertainment.

The organisation's secondary objectives are to expand and build on the facilities and service deliveries to children and youth mentioned above. This will particularly include:

- Offering life-skills training programmes to help the children develop skills necessary for successful integration into the community in adulthood, including enrolment into task related interest groups, apprenticeships or educational workshops aimed at learning a trade or vocational skill.
- Facilitating voluntary work/interest groups, such as craft workshops and musical, artistic, gardening or sports activities in order to develop their creativity and aid their physical development.

Offering therapeutic care by a trained social worker to work through issues such as sexual abuse, domestic violence, the loss of family members etc.

- Developing programmes aimed at prevention. This will include HIV/Aids awareness programmes, cultural and gender identity workshops, life-skills training, fostering awareness on issues such as teenage pregnancy, crime, alcohol abuse etc.

The state of affairs of the organisation are fully set out in the attached annual financial statements and do not in our opinion require any further comment.



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Directors' Report

2. Directors

The directors in office at the date of this report are as follows:

Directors

Florian Michael Kramer
Philip Ruther
Anna Paula Kircheisen
Toby Philip Hill

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.

4. Auditors

Armien Chartered Accountants (SA) continued in office as auditors for the organisation for 2017.

They will continue in office for the 2018 financial year.

5. Date of authorisation for issue of financial statements

The financial statements have been authorised for issue by the directors on Tuesday, 14 November 2017. No authority was given to anyone to amend the financial statements after the date of issue.



Independent Auditor's Report

To the directors of Vulamasango

Qualified opinion

I have audited the financial statements of Vulamasango set out on pages 8 to 15, 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 my opinion, except for the possible effect of the matter described in the basis for qualified opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Vulamasango as at 28 February 2017, and its financial performance and cash flows for the year then ended in accordance with basis of accounting as set out in Note 1 to the financial statements and the requirements of the NPO.

Basis for qualified opinion

In common with similar organisations, it is not feasible for the organisation to institute accounting controls over cash collections from donations prior to initial entry of the collections in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts actually recorded.

I conducted my audit in accordance with International Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of my report. I am independent of the organisation 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. I have fulfilled my 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). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the NPO, which we obtained prior to the date of this report. Other information does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I 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 basis of accounting as set out in Note 1 to the financial statements and the requirements of the NPO, 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 trust'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 organisation or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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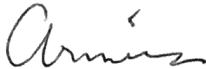
Independent Auditor's Report

My 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 my 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 organisation'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 organisation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the organisation 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.

I 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 I identify during my audit.



Armien Chartered Accountants (SA)
Chartered Accountant (SA)
Registered Auditor

14 November 2017
Cape Town
Unit 1, Mews 2
Rosmead Centre
Kenilworth
7708



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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	<u>17,006,579</u>	<u>16,743,610</u>
Current Assets			
Cash and cash equivalents	3	<u>837,354</u>	<u>856,038</u>
Total Assets		<u>17,843,933</u>	<u>17,599,648</u>
Equity and Liabilities			
Equity			
Accumulated surplus		<u>17,829,239</u>	<u>17,588,222</u>
Liabilities			
Current Liabilities			
Trade and other payables		<u>14,694</u>	<u>11,426</u>
Total Equity and Liabilities		<u>17,843,933</u>	<u>17,599,648</u>



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Statement of Comprehensive Income

Figures in Rand	Note(s)	2017	2016
Revenue		4,377,162	5,352,074
Other income	4	25,204	544
Operating expenses		(4,188,011)	(3,229,695)
Operating surplus		214,355	2,122,923
Investment revenue		26,768	104,136
Finance costs		(106)	-
Surplus/(Deficit)		241,017	2,227,059

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Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 March 2015	15,361,163	15,361,163
Surplus/(Deficit)	2,227,059	2,227,059
Balance at 01 March 2016	17,588,222	17,588,222
Surplus/(Deficit)	241,017	241,017
Balance at 28 February 2017	17,829,239	17,829,239
Note(s)		



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Statement of Cash Flows

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Cash generated from operations	6	479,376	2,343,690
Interest income		26,768	104,136
Finance costs		(106)	-
Net cash from operating activities		506,038	2,447,826
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(524,722)	(6,256,140)
Cash flows from financing activities			
Movement in loans to directors, managers and employees		-	3,000
Total cash movement for the year		(18,684)	(3,805,314)
Cash at the beginning of the year		856,038	4,661,353
Total cash at end of the year	3	837,354	856,039

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Financial Statements for the year ended 28 February 2017

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements have been prepared on a going concern basis in accordance with the accounting policies as set out below. The financial statements have been prepared on the historical cost basis. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

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

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

1.2 Financial instruments

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through surplus and deficit.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

1.4 Provisions and contingencies

Provisions are recognised when the organisation has an obligation at the reporting date as a result of a past event; it is probable that the organisation will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are not recognised for future operating losses.



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Accounting Policies

1.5 Revenue

Revenue from donations is recognised on receipt thereof by the organisation.

Cash donations are recognised when cash is received from the donors.

Donations other than cash are recognised when an asset is received from the donor.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.6 Foreign exchange

Foreign currency transactions

Exchange differences arising on monetary items are recognised in surplus or deficit in the period in which they arise.

All transactions in foreign currencies are initially recorded in Rand, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in surplus or deficit.

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Notes to the Financial Statements

Figures in Rand

2017

2016

2. Property, plant and equipment

	2017			2016		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	16,444,639	-	16,444,639	15,919,917	-	15,919,917
Furniture and fixtures	698,537	(337,852)	360,685	698,537	(209,321)	489,216
Motor vehicles	1,028,406	(834,668)	193,738	1,028,406	(717,075)	311,331
IT equipment	57,887	(50,370)	7,517	57,887	(34,741)	23,146
Total	18,229,469	(1,222,890)	17,006,579	17,704,747	(961,137)	16,743,610

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Closing balance
Land	15,919,917	524,722	-	16,444,639
Furniture and fixtures	489,216	-	(128,531)	360,685
Motor vehicles	311,331	-	(117,593)	193,738
IT equipment	23,146	-	(15,629)	7,517
	16,743,610	524,722	(261,753)	17,006,579

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Closing balance
Land	10,222,802	5,697,115	-	15,919,917
Furniture and fixtures	11,995	531,736	(54,515)	489,216
Motor vehicles	449,478	2,000	(140,147)	311,331
IT equipment	8,846	25,289	(10,989)	23,146
	10,693,121	6,256,140	(205,651)	16,743,610

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	164,430	125,758
Bank balances	672,924	730,280
	837,354	856,038

4. Other income

Recoveries	25,204	544
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5. Taxation

No provision has been made for 2017 tax as the organisation is registered for tax exemption under section 10 (1)(cN) of the Income Tax Act no. 58 of 1992.

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Notes to the Financial Statements

Figures in Rand	2017	2016
6. Cash generated from operations		
Surplus before taxation	241,017	2,227,059
Adjustments for:		
Depreciation and amortisation	261,753	205,651
Interest received	(26,768)	(104,136)
Finance costs	106	-
Changes in working capital:		
Trade and other receivables	-	13,362
Trade and other payables	3,268	1,754
	<u>479,376</u>	<u>2,343,690</u>

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Financial Statements for the year ended 28 February 2017

Detailed Income Statement

Figures in Rand	Note(s)	2017	2016
Revenue			
Rendering of services		62,500	94,775
Donations		4,314,662	5,257,299
		4,377,162	5,352,074
Other income			
Recoveries		25,204	544
Interest received		26,768	104,136
		51,972	104,680
Operating expenses			
Accounting fees		14,857	16,282
Advertising		8,336	49,663
Agriculture expense		143,941	-
Auditors remuneration		18,550	16,900
Bank charges		19,478	30,733
Clothes and hygiene		84,394	64,264
Consumables		7,450	-
Cooking expense		11,358	10,631
Depreciation, amortisation and impairments		261,753	205,651
Employee costs		1,896,134	1,202,234
Employee settlement		-	23,170
Groceries		320,869	231,752
Hardware		62,157	87,926
IT expenses		85,038	107,873
Insurance		40,411	67,921
Legal expenses		4,700	6,000
Medical expenses		13,741	16,436
Motor vehicle expenses		264,543	177,630
Municipal expenses		245,381	113,923
Outings and camps		52,017	85,092
Postage		-	174
Printing and stationery		45,410	26,068
Program: Adult Education		93,812	99,246
Repairs and maintenance		75,576	114,682
Security		27,358	37,338
Sporting equipment		9,576	25,793
Stipends		89,900	20,690
Subscriptions		9,048	163
Telephone and fax		73,241	58,475
Transport and freight		50,594	57,655
Travel - local		101,128	255,372
Uniforms		19,753	12,153
Wood workshop expense		26,374	-
		4,176,878	3,221,890
Operating surplus		252,256	2,234,864
Finance costs		(106)	-
Surplus/(Deficit)		252,150	2,234,864