

Vulamasango
(Registration number 065-759-NPO)
Financial statements
for the year ended 28 February 2022

17/18

Vulamasango

(Registration number: 065-759-NPO)

Financial Statements for the year ended 28 February 2022

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	Armen Chartered Accountants (SA) Chartered Accountant (SA) Registered Auditor 12 Harvard Drive Lansdowne Cape Town 7780 P O Box 44897 Claremont 7735
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the NPO.

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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 described in Note 1.

The financial statements are prepared in accordance with the basis of accounting described in Note 1 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.

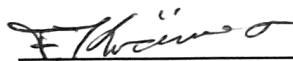
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control 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 2023 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 pages 4 to 15, which have been prepared on the going concern basis, were approved by the board of directors on 13 March 2023 and were signed on its behalf by:

Approval of financial statements



Florian Michael Kramer

Monday, 13 March 2023



Ana Paula Kircheisen



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Financial Statements for the year ended 28 February 2022

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Vulamasango for the year ended 28 February 2022.

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 will 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.



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Financial Statements for the year ended 28 February 2022

Directors' Report

2. Review of financial results and activities

The financial statements have been prepared in accordance with Entity specific basis of accounting. 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 organisation are set out in these financial statements.

3. Directors

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

Directors	Changes
Florian Michael Kramer	
Philip Ruther	Resigned Friday, 31 December 2021
Ana Paula Kircheisen	
Ulrich Feigl	
Tsholofelo Mogae	Appointed Thursday, 24 February 2022

4. 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.

5. Auditors

Armien Chartered Accountants (SA) continued in office as auditors for the organisation for 2022.

They will continue in office for the 2023 financial year.

6. Date of authorisation for issue of financial statements

The financial statements have been authorised for issue by the directors on Monday, 13 March 2023. No authority was given to anyone to amend the financial statements after the date of issue.





Chartered Accountants (SA)

Independent Auditor's Report

To the Directors of Vulamasango

Qualified Opinion

I have audited the financial statements of Vulamasango (the organisation) set out on pages 8 to 15, which comprise the statement of financial position as at 28 February 2022, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the 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 of Vulamasango for the year ended 28 February 2022 are prepared, in all material respects, in accordance with the basis of accounting described 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter - Basis of Accounting

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

Other Information

The board of directors are responsible for the other information. The other information comprises the information included in the document titled "Vulamasango financial statements for the year ended 28 February 2022", which includes the Directors' Report as required by the NPO and the supplementary information as set out on pages 16 to 17, which I obtained prior to the date of this report, and the Annual Report, which is expected to be made available to me after that date. The 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 and will 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 on the other information obtained prior to the date of this auditor's report, 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.

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Independent Auditor's Report

Responsibilities of the Directors for the Financial Statements

The board of directors are responsible for the preparation of the financial statements in accordance with the basis of accounting described in Note 1 to the financial statements and the requirements of the NPO, for determining that the basis of preparation is acceptable in the circumstance and for such internal control as the management 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 organisation'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

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.

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
Per: Gaarieth Armien

13 March 2023
Cape Town
12 Harvard Drive
Lansdowne
Cape Town
7780



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Financial Statements for the year ended 28 February 2022

Statement of Financial Position as at 28 February 2022

Figures in Rand	Note(s)	2022	2021
Assets			
Non-Current Assets			
Property, plant and equipment	2	18,566,954	18,507,957
Current Assets			
Trade and other receivables	3	55,556	62,055
Cash and cash equivalents	4	394,667	465,827
		450,223	527,882
Total Assets		19,017,177	19,035,839
Equity and Liabilities			
Equity			
Accumulated surplus		18,940,602	19,031,358
Liabilities			
Current Liabilities			
Trade and other payables		76,575	4,481
Total Equity and Liabilities		19,017,177	19,035,839

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2022	2021
Revenue		8,299,501	7,508,322
Other income	5	2,605	5,944
Operating expenses	6	(8,383,374)	(7,293,624)
Operating (deficit) surplus		(81,268)	220,642
Investment revenue		13,372	5,968
Finance costs	7	(22,860)	(4,927)
Surplus/(Deficit)		(90,756)	221,683

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Financial Statements for the year ended 28 February 2022

Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 March 2020	18,809,675	18,809,675
Surplus/(Deficit)	221,683	221,683
Balance at 01 March 2021	19,031,358	19,031,358
Surplus/(Deficit)	(90,756)	(90,756)
Balance at 28 February 2022	18,940,602	18,940,602

Note(s)

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Financial Statements for the year ended 28 February 2022

Statement of Cash Flows

Figures in Rand	Note(s)	2022	2021
Cash flows from operating activities			
Cash generated from operations	9	158,543	398,155
Interest income		13,372	5,968
Finance costs		(22,860)	(4,927)
Net cash from operating activities		149,055	399,196
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(220,215)	(150,895)
Total cash movement for the year		(71,160)	248,301
Cash at the beginning of the year		465,827	217,530
Total cash at end of the year	4	394,667	465,831



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Financial Statements for the year ended 28 February 2022

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.

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 trust and the cost can be measured reliably. Day to day servicing costs are included in surplus or deficit in the period in which they are incurred.

1.2 Financial instruments

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They 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.

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.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

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.



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Accounting Policies

1.4 Provisions and contingencies (continued)

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.5 Revenue

Revenue is recognised to the extent that the organisation has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the organisation. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

2022

2021

2. Property, plant and equipment

	2022			2021		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	18,290,478	-	18,290,478	18,198,178	-	18,198,178
Furniture and fixtures	961,018	(768,617)	192,401	885,344	(713,724)	171,620
Motor vehicles	1,228,392	(1,225,054)	3,338	1,228,392	(1,185,057)	43,335
Office equipment	118,259	(93,231)	25,028	113,260	(70,462)	42,798
IT equipment	272,259	(216,550)	55,709	225,017	(172,991)	52,026
Total	20,870,406	(2,303,452)	18,566,954	20,650,191	(2,142,234)	18,507,957

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Depreciation	Closing balance
Land	18,198,178	92,300	-	18,290,478
Furniture and fixtures	171,620	75,674	(54,893)	192,401
Motor vehicles	43,335	-	(39,997)	3,338
Office equipment	42,798	4,999	(22,769)	25,028
IT equipment	52,026	47,242	(43,559)	55,709
	18,507,957	220,215	(161,218)	18,566,954

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Closing balance
Land	18,087,624	110,554	-	18,198,178
Furniture and fixtures	232,113	5,849	(66,342)	171,620
Motor vehicles	83,332	-	(39,997)	43,335
Office equipment	71,037	-	(28,239)	42,798
IT equipment	62,645	34,492	(45,111)	52,026
	18,536,751	150,895	(179,689)	18,507,957

3. Trade and other receivables

Other receivable	55,556	62,055
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4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	100,272	245,528
Bank balances	294,395	220,299
	394,667	465,827

5. Other income

Other income	2,605	5,944
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6. Operating expenses

Operating expenses include the following expenses:

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Notes to the Financial Statements

Figures in Rand	2022	2021
6. Operating expenses (continued)		
Depreciation and amortisation	161,218	179,689
Employee costs	5,584,404	4,741,840
7. Finance costs		
Late payment of tax	22,860	4,927
8. Taxation		
Non provision of tax		
No provision has been made for 2022 tax as the organisation is registered for tax exemption under section 10(1)(cN) of the Income Tax Act no.58 of 1992.		
9. Cash generated from operations		
(Deficit) surplus before taxation	(90,756)	221,683
Adjustments for:		
Depreciation and amortisation	161,218	179,689
Interest received	(13,372)	(5,968)
Finance costs	22,860	4,927
Changes in working capital:		
Trade and other receivables	6,499	(6,661)
Trade and other payables	72,094	4,485
	158,543	398,155

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Financial Statements for the year ended 28 February 2022

Detailed Income Statement

Figures in Rand	Note(s)	2022	2021
Revenue			
Sale of goods		1,830	13,938
Government grants		1,645,160	1,639,876
Donations		6,652,511	5,854,508
		8,299,501	7,508,322
Other income			
Sundry income		2,605	5,944
Operating expenses			
Accounting fees		47,004	46,457
Advertising		-	43,100
Agriculture expense		56,225	55,441
Bank charges		24,678	29,944
Clothes and hygiene		129,110	149,352
Computer expenses		24,112	22,450
Consumables		19,092	18,841
Cooking expense		20,580	10,362
Depreciation, amortisation and impairments		161,218	179,689
Employee costs		5,584,404	4,741,840
Fines and penalties		1,400	-
Groceries		643,781	485,436
Health and safety		27,332	27,352
IT expenses		63,964	69,003
Insurance		77,213	72,454
Legal expenses		-	2,820
Medical expenses		14,589	16,910
Motor vehicle expenses		570,722	406,716
Music School		41,666	20,021
Outings and camps		62,138	59,758
Printing and stationery		55,952	34,364
Prize money		-	228
Program: Adult Education		45,165	8,440
Programmes and projects		6,681	390
Repairs and maintenance		100,932	153,007
Security		22,295	36,656
Sporting equipment		37,122	2,682
Subscriptions		9,938	9,818
Telephone and fax		80,791	95,936
Training		59,749	7,600
Transport and freight		18,661	15,029
Travel - local		52,633	(11,374)
Uniforms		13,861	16,940
University fees		-	2,821
Utilities		257,000	415,000
Wood workshop expense		-	2,888
		8,330,008	7,248,371
Operating (deficit) surplus	6	(27,902)	265,895
Investment income		13,372	5,968
Finance costs	7	(22,860)	(4,927)
		(9,488)	1,041

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Financial Statements for the year ended 28 February 2022

Detailed Income Statement

Figures in Rand	Note(s)	2022	2021
Surplus/(Deficit)		<u>(37,390)</u>	<u>266,936</u>

