VULAMASANGO
(REGISTRATION NUMBER 065-759-NPO)
ANNUAL FINANCIAL STATEMENTS
FOR THE 12 MONTHS ENDED 28 FEBRUARY 2010

# Index

The reports and statements set out below comprise the annual financial statements presented to the trustees:

ARMiEN
Chartered Accountants (SA)

**Tax – Advisory - Audit**
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# Report of the Independent Auditor

**To the directors of Vulamasango**

I have audited the accompanying annual financial statements of Vulamasango, which comprise the directors' report, the balance sheet as at 28 February 2010, the income statement and the statement of changes in equity for the 12 months then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 12.

**Directors' Responsibility for the Financial Statements**

The organisation's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the basis of accounting as per Note 1, and in the manner required by the the organisation's constitution. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

My responsibility is to express an opinion on these annual financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the annual financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Qualification**

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.

*Armien Chartered Accountants (SA)*
Registered Auditors
Practice number 903600
G Armien

**Opinion**

In my opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the annual financial statements present fairly, in all material respects, the financial position of the organisation as of 28 February 2010, and of its financial performance for the 12 months then ended in accordance with the basis of accounting described in note 1.

Armien

**Armien Chartered Accountants (SA)**
**Registered Auditor**
**Per: Gaarieth Armien**
**Century City**

**29 August 2011**

# Directors' Report

The directors submit their report for the 12 months ended 28 February 2010.

## 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 Nonprofit organisation by the Department of Social Development on the 09 December 2008.

## 2. Review of activities

**Mission, Vision and Objectives**

***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 wil 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.

# Directors' Report

### 3. Directors

The directors of the organisation during the 12 months and to the date of this report are as follows:

| Name | Nationality | Changes |
|---|---|---|
| Florian Michael Kramer | German | |
| Philip Ruther | German | |
| Claire Barry | South African | |
| Heidi Schulz-Aisenbrey | | Appointed 02 April 2009 |

### 4. Auditor

Armien Chartered Accountants (SA) will continue in office for the next financial period.

The annual financial statements set out on pages 4 to 12, which have been prepared on the going concern basis, were approved by the board of directors on 29 August 2011 and were signed on its behalf by:

F. Krämer

**Claire Barry** | **Florian Michael Kramer**

**Philip Ruther** | **Heidi Schulz-Aisenbrey**

**Century City**

**29 August 2011**

# Balance Sheet

| | Note(s) | 2010<br>R | 2009<br>R |
|---|---|---|---|
| **Assets** | | | |
| **Non-Current Assets** | | | |
| Property, plant and equipment | 2 | 2,832,700 | - |
| **Current Assets** | | | |
| Other financial assets | 3 | - | 2,840,235 |
| Trade and other receivables | 4 | 219,362 | - |
| Cash and cash equivalents | 5 | 43,604 | 45,969 |
| | | **262,966** | **2,886,204** |
| **Total Assets** | | **3,095,666** | **2,886,204** |
| **Equity and Liabilities** | | | |
| **Equity** | | | |
| Accumulated surplus | | 3,362,497 | 2,886,204 |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 6 | 14,419 | - |
| **Total Equity and Liabilities** | | **3,376,916** | **2,886,204** |

## Income Statement

| | Note(s) | 12 months ended 2010 R | 4 months ended 2009 R |
|---|---|---|---|
| **Donations** | | **1,241,446** | **2,885,712** |
| **Other income** | | | |
| Other income | | 2,850 | - |
| Interest received | 7 | 41,172 | 4,184 |
| | | **44,022** | **4,184** |
| **Operating expenses** | | | |
| Accounting fees | | 1,060 | - |
| Auditors remuneration | | 4,100 | - |
| Bank charges | | 8,995 | 147 |
| Computer expenses | | 14,927 | - |
| Depreciation, amortisation and impairments | | 23,299 | - |
| Donations | | - | 3,546 |
| Employee costs | | 163,594 | - |
| General expenses | | 1,440 | - |
| Groceries | | 34,683 | - |
| Hardware | | 12,861 | - |
| Insurance | | 21,244 | - |
| Legal expenses | | 7,839 | - |
| Medical expenses | | 1,802 | - |
| Motor vehicle expenses | | 39,128 | - |
| Postage | | 1,042 | - |
| Printing and stationery | | 12,702 | - |
| Program: Adult education | | 118,305 | - |
| Program: Financial Aid | | 102,454 | - |
| Program: Zabalaza | | 119,646 | - |
| Repairs and maintenance | | 47,566 | - |
| Sporting equipment | | 1,880 | - |
| Staff welfare | | 1,738 | - |
| Telephone and fax | | 25,723 | - |
| Transport and freight | | 4,330 | - |
| Travel - overseas | | 16,300 | - |
| Utilities | | 22,517 | - |
| | | **809,175** | **3,693** |
| **Surplus for the 12 months** | | **476,293** | **2,886,203** |

# Statement of Changes in Equity

| | Accumulated surplus R | Total equity R |
|---|---|---|
| **Balance at 01 March 2008** | **1** | **1** |
| Changes in equity | | |
| Surplus for the 12 months | 2,886,203 | 2,886,203 |
| Total changes | 2,886,203 | 2,886,203 |
| **Balance at 01 March 2009** | **2,886,204** | **2,886,204** |
| Changes in equity | | |
| Surplus for the 12 months | 476,293 | 476,293 |
| Total changes | 476,293 | 476,293 |
| **Balance at 28 February 2010** | **3,362,497** | **3,362,497** |

# Accounting Policies

### 1. Presentation of Annual Financial Statements

The financial statements are prepared on the historical cost basis. The following are the principal accounting policies used by the organisation.

### 1.1 Property, plant and equipment

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

### 1.2 Financial instruments

**Financial instruments at amortised cost**

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

**Financial instruments at cost**

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

**Financial instruments at fair value**

All other financial instruments are measured at fair value through profit and loss.

### 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.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

### 1.4 Provisions and contingencies

Provisions are recognised when:
- the organisation 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.

Contingent assets and contingent liabilities are not recognised.

### 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 is received from the donor.

Interest is recognised, in profit or loss, using the effective interest rate method.

### 1.6 Translation of foreign currencies

# Accounting Policies

### 1.6 Translation of foreign currencies (continued)

**Foreign currency transactions**

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

# Notes to the Annual Financial Statements

| | 2010 R | 2009 R |
|---|---|---|

## 2. Property, plant and equipment

| | 2010 | | | 2009 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation | Carrying value | Cost / Valuation | Accumulated depreciation | Carrying value |
| Land | 2,676,814 | - | 2,676,814 | - | - | - |
| Furniture and fixtures | 73,185 | (5,688) | 67,497 | - | - | - |
| Motor vehicles | 95,000 | (15,083) | 79,917 | - | - | - |
| IT equipment | 11,000 | (2,528) | 8,472 | - | - | - |
| **Total** | **2,855,999** | **(23,299)** | **2,832,700** | **-** | **-** | **-** |

**Reconciliation of property, plant and equipment - 2010**

| | Opening Balance | Additions | Depreciation | Total |
|---|---|---|---|---|
| Land | - | 2,676,814 | - | 2,676,814 |
| Furniture and fixtures | - | 73,185 | (5,688) | 67,497 |
| Motor vehicles | - | 95,000 | (15,083) | 79,917 |
| IT equipment | - | 11,000 | (2,528) | 8,472 |
| | **-** | **2,855,999** | **(23,299)** | **2,832,700** |

**Details of properties**

| | 2010 | 2009 |
|---|---|---|
| **Property** | | |
| Remainder Farm Frylincks Poort No.789, Cape Division | | |
| - Purchase price: | 2,618,696 | - |
| - Additions since purchase or valuation | 58,118 | - |
| | **2,676,814** | **-** |

## 3. Other financial assets

| | 2010 | 2009 |
|---|---|---|
| **At amortised cost** | | |
| Smith Tabata Buchanan Boyes | - | 2,840,235 |

Funds held in trust by the above conveyancing attorneys awaiting transfer of property at the Deeds Office in terms of a purchase contract entered into by the organisation for Remainder Farm Frylincks Poort No.789, Cape Division. The purchase of property was realised in the year under review.

| | 2010 | 2009 |
|---|---|---|
| **Current assets** | | |
| At amortised cost | - | 2,840,235 |

## 4. Trade and other receivables

| | 2010 | 2009 |
|---|---|---|
| Sundry receivables | 219,362 | - |

## 5. Cash and cash equivalents

Cash and cash equivalents consist of:

| | 2010 | 2009 |
|---|---|---|
| Cash on hand | 25,883 | - |
| Bank balances | 17,721 | 45,969 |
| | **43,604** | **45,969** |

## Notes to the Annual Financial Statements

| | 2010<br>R | 2009<br>R |
|---|---|---|
| **6. Trade and other payables** | | |
| Accrued expense | 14,419 | - |
| **7. Investment revenue** | | |
| **Interest revenue** | | |
| Bank | 41,172 | 4,184 |

### 8. Taxation

No provision has been made for 2010 tax as the organisation is registered for tax exemption under section 10 (1)(cN) of the Income Tax Act no. 58 of 1962.

### 9. Donations

Revenue comprises donations received from various local and international donors.