

COPESSA

(Association incorporated under Section 21 of the Companies Act)

FORMERLY COMMUNITY BASED PREVENTION AND EMPOWERMENT STRATEGIES - SA

(Registration Number 2000/025755/08)

Annual Financial Statements

for the year ended 28 February 2018

COPESSA

(Registration Number 2000/025755/08)

Annual Financial Statements for the year ended 28 February 2018

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COPESSA

(Registration Number 2000/025755/08)

Annual Financial Statements for the year ended 28 February 2018

General Information

Country Of Incorporation And Domicile	South Africa
Nature Of Business And Principal Activities	To generate funding to support and empower individuals and communities with knowledge and skills to effectively engage in prevention and rehabilitation in child abuse and neglect
Directors	Dr NB Motjuwadi Mr EL Borole Mr J Motjuwadi Mr MS Molefe Mr BBD Nkosi (Appointed 31 January 2018) Ms ZP Matlhaku (Appointed 31 January 2018) Ms BC Sibanda (Appointed 31 January 2018) Ms S Mdzimande (Appointed 31 January 2018) Ms L Mbongwe (Resigned 31 January 2018) Mr A Anderson (Resigned 31 January 2018)
Registered Office	8955 Protea Boulevard Extention 11, Protea Glen Soweto 1868
Bankers	Nedbank Limited
Chartered Accountant CA(SA)	Laburn Financial Incorporated 54 Sue Avenue Blairgowrie 2194
Company Secretary	Waterford Financial Management Proprietary Limited Unit2 Fourways Manor Office Park 1 Macbeth Street Fourways 2191

Independent Auditor's Report

To the Shareholder of COPESSA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of COPESSA set out on pages 8 to 17, which comprise the statement of financial position as at 28 February 2018, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 28 February 2018, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Going Concern

We draw attention to note 13 to the financial statements which indicates that the company incurred a net loss of R 57,355 during the year ended 28 February 2018. This condition indicates the existence of uncertainty which may cast doubt about the company's ability to continue as a going concern. The note further describes why, under these circumstances, the financial statements continue to be prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa, and the supplementary information set out on pages 18 to 19. Other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Laburn Financial Incorporated have been the auditors of COPESSA for 3 years.

Laburn Financial Incorporated

31 October 2018



Per: SAMANTHA LABURN

Director / Partner

Chartered Accountant (SA)

54 Sue Avenue

Blairgowrie

2194

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Annual Financial Statements for the year ended 28 February 2018

Directors' Responsibilities and Approval

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

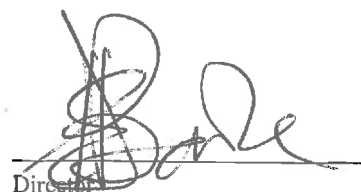
The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the annual financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the company will not be a going concern in the foreseeable future. The annual financial statements support the viability of the company.

The annual financial statements have been audited by the independent auditing firm, Laburn Financial Incorporated, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of the shareholder the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' unqualified audit report is presented on pages 3 to 4.

The annual financial statements as set out on pages 8 to 17 were approved by the board on 31 October 2018 and were signed on their behalf by:



Director



Director

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Annual Financial Statements for the year ended 28 February 2018

Directors' Report

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

1. Review of activities

Main business and operations

The principal activity of the company is to generate funding to support and empower individuals and communities with knowledge and skills to effectively engage in prevention and rehabilitation in child abuse and neglect and there were no major changes herein during the year.

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

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

The directors draw attention to the statement of changes in equity in the annual financial statements which indicates that the trust incurred a net loss of R 57,355 during the year ended 28 February 2018

3. Events after reporting date

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

4. Directors' interest in contracts

To our knowledge none of the directors had any interest in contracts entered into during the year under review.

5. Authorised and issued share capital

No changes were approved or made to the authorised or issued share capital of the company during the year under review.

6. Borrowing limitations

In terms of the Memorandum of Incorporation of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

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Annual Financial Statements for the year ended 28 February 2018

Directors' Report

7. Directors

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

Dr NB Motjuwadi

Mr EL Borole

Mr J Motjuwadi

Mr MS Molefe

Mr BBD Nkosi (Appointed 31 January 2018)

Ms ZP Matlhaku (Appointed 31 January 2018)

Ms BC Sibanda (Appointed 31 January 2018)

Ms S Mdzimande (Appointed 31 January 2018)

Ms L Mbongwe (Resigned 31 January 2018)

Mr A Anderson (Resigned 31 January 2018)

8. Secretary

The company's designated secretary is Waterford Financial Management Proprietary Limited.

9. Independent Auditors

Laburn Financial Incorporated were the independent auditors for the year under review.

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Financial Statements for the year ended 28 February 2018

Statement of Financial Position

Figures in R	Note(s)	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	2	744,031	813,713
Current Assets			
Loans receivable	3	60,143	60,143
Cash and cash equivalents	4	55,516	55,008
		115,659	115,151
Total Assets		859,690	928,864
Equity and Liabilities			
Equity			
Retained income		792,785	850,140
Current Liabilities			
Trade and other payables	5	26,905	78,724
Borrowings	6	40,000	-
		66,905	78,724
Total Equity and Liabilities		859,690	928,864

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Financial Statements for the year ended 28 February 2018

Statement of Comprehensive Income

Figures in R	Note(s)	2018	2017
Donations and Fundraising	7	1,760,176	1,423,724
Resources utilised		<u>(1,816,668)</u>	<u>(1,905,131)</u>
Deficit from resources	8	(56,492)	(481,407)
Finance costs	9	<u>(863)</u>	<u>-</u>
Deficit from resources for the year		<u>(57,355)</u>	<u>(481,407)</u>
Retained income at 1 March 2017		850,140	1,331,547
Deficit from resources for the year		<u>(57,355)</u>	<u>(481,407)</u>
Retained income at 28 February 2018		<u>792,785</u>	<u>850,140</u>

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Financial Statements for the year ended 28 February 2018

Statement of Changes in Equity

Figures in R	Retained earnings	Total
Balance at 1 March 2016	1,331,547	1,331,547
Total comprehensive income for the year		
Deficit for the year	(481,407)	(481,407)
Total comprehensive income for the year	<u>(481,407)</u>	<u>(481,407)</u>
Balance at 28 February 2017	<u>850,140</u>	<u>850,140</u>
Balance at 1 March 2017	850,140	850,140
Total comprehensive income for the year		
Deficit for the year	(57,355)	(57,355)
Total comprehensive income for the year	<u>(57,355)</u>	<u>(57,355)</u>
Balance at 28 February 2018	<u>792,785</u>	<u>792,785</u>

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Financial Statements for the year ended 28 February 2018

Statement of Cash Flows

Figures in R	Note(s)	2018	2017
Cash flows from operating activities			
Loss for the year		(57,355)	(481,407)
<i>Adjustments for:</i>			
Finance costs		863	-
Depreciation of Property, plant and equipment		102,320	90,455
Operating cash flow before working capital changes		45,828	(390,952)
<i>Working capital changes</i>			
Decrease short-term loans		40,000	-
(Decrease)/Increase in trade and other payables		(51,819)	54,507
Cash generated by/(utilised in) operating activities		34,009	(336,445)
Finance costs		(863)	-
Net cash from operating activities		33,146	(336,445)
Cash flows from investing activities			
Property, plant and equipment acquired	2	(32,638)	(38,025)
Net cash utilised in investing activities		(32,638)	(38,025)
Increase/(decrease) in cash and cash equivalents		508	(374,470)
Cash and cash equivalents at beginning of the year		55,008	429,478
Cash and cash equivalents at end of the year	4	55,516	55,008

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Financial Statements for the year ended 28 February 2018

Accounting Policies

1. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

1.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable and represents the amounts receivable for donations and income received from fund raising.

1.2 Income taxation

The company has been approved as a public benefit organisation in terms of Section 30 of the Income Tax Act therefore the receipts and accruals are exempt from tax in terms of section 10(1)(cN) of the Act. Furthermore, donations by or due to the public benefit organisation are exempt from donations tax in terms of section 56(1)(h) of the Income Tax Act. The Annual Financial statements have been prepared on the basis that the company is exempt from income tax.

1.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

Plant and equipment	10.00%
Motor vehicles	25.00%
Playpark equipment	50.00%
Office equipment	16.67%
IT equipment	33.33%
Electronic equipment	33.33%

1.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown under current liabilities on the statement of financial position.

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Financial Statements for the year ended 28 February 2018

Accounting Policies

1.5 Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

1.6 Borrowing costs

Borrowing costs are recognised on the basis of the effective interest method and is included in finance costs.

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Financial Statements for the year ended 28 February 2018

Notes to the Annual Financial Statements

Figures in R 2018 2017

2. Property, plant and equipment

	Cost	Accumulated depreciation	2018 Carrying value	Cost	Accumulated depreciation	2017 Carrying value
<i>Owned assets</i>						
Land and buildings	512,822	(156,822)	356,000	531,522	(156,822)	374,700
Plant and equipment	1,328,132	(983,816)	344,316	1,328,132	(908,080)	420,052
IT equipment	122,815	(94,197)	28,618	90,177	(90,177)	-
Electronic equipment	128,226	(113,129)	15,097	128,226	(109,265)	18,961
	3,036,419	(2,292,388)	744,031	3,022,481	(2,208,768)	813,713

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2018 Carrying value at end of year
<i>Owned assets</i>					
Land and buildings	374,700	-	-	(18,700)	356,000
Plant and equipment	420,052	-	-	(75,736)	344,316
IT equipment	-	32,638	-	(4,020)	28,618
Electronic equipment	18,961	-	-	(3,864)	15,097
	813,713	32,638	-	(102,320)	744,031

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2017 Carrying value at end of year
<i>Owned assets</i>					
Land and buildings	356,000	18,700	-	-	374,700
Plant and equipment	508,982	-	-	(88,930)	420,052
Electronic equipment	-	19,325	-	(364)	18,961
	866,143	38,025	-	(90,455)	813,713

3. Loans receivable

COPESSA Proprietary Limited	<u>60,143</u>	<u>60,143</u>
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No date has been set for repayment of the loan, which is unsecured and currently interest free.

4. Cash and cash equivalents

Favourable cash balances

Bank balances	<u>55,516</u>	<u>55,008</u>
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Financial Statements for the year ended 28 February 2018

Notes to the Annual Financial Statements

Figures in R	2018	2017
5. Trade and other payables		
Trade creditors	2	9,664
Accrued liabilities	26,903	69,060
	<u>26,905</u>	<u>78,724</u>
6. Borrowings		
Dr T U Motjuwadi	40,000	-
	<u>40,000</u>	<u>-</u>
No date has been set for the repayment of the loan, which is unsecured and currently interest free.		
7. Donations and Fundraising		
An analysis of revenue is as follows:		
Donations received	1,546,337	1,324,104
Fundraising	213,839	99,620
	<u>1,760,176</u>	<u>1,423,724</u>
8. Deficit from resources		
Deficit from resources arrived at after taking into account the following items:		
<i>Depreciation and impairments</i>		
<i>Owned assets</i>		
Plant and equipment	102,320	90,455
Employees costs	1,156,462	1,463,160
Research and development	31,500	31,500
<i>Directors' emoluments</i>		
<i>Executive</i>		
- Basic salary	608,339	751,000
9. Finance costs		
SARS	863	-
	<u>863</u>	<u>-</u>

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Financial Statements for the year ended 28 February 2018

Notes to the Annual Financial Statements

Figures in R

2018

2017

10. Directors' emoluments

Name	Salary	Salary
Dr NB Motjuwadi	608,339	751,000

11. Event after the balance sheet date

No events occurred between 28 February 2018 and the date the directors approved the financial statements that would have a material impact on the results as disclosed in the financial statements as set out on pages 8 to 17 or the continued existence of the company as a going concern.

12. Related party transactions

Name	Relationship	Transactions	Amounts owed (to) / by the related party at year-end	
			2018	2017
COPESSA Proprietary Limited	Company with common directors		60,143	60,143

The remuneration of directors and other members of key management during the year was as follows

Salaries	608,339	751,000
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13. Going Concern

The directors believe that the company will be a going concern in the year ahead. For this reason we continue to adopt the going concern basis in preparing the annual financial statements.

The company incurred a net deficit for the year ended 28 February 2018 of R57 355. The directors believe that the company will be able to receive donations and funds to cover their expenditure for the year ahead.

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Financial Statements for the year ended 28 February 2018

Detailed Income Statement

Figures in R	Note(s)	2018	2017
Donations and Fund raising			
Donations received		1,546,337	1,324,104
Fundraising		213,839	99,620
		<u>1,760,176</u>	<u>1,423,724</u>
Resources utilised			
Bank charges		559	524
Cleaning		2,601	-
Computer expenses		9,490	2,138
Consulting fees		-	10,000
Depreciation - Tangible assets		102,320	90,455
Emoluments - Directors	10	608,339	751,000
Entertainment		3,813	7,759
Finance costs		863	-
Food Parcels		5,357	20,857
Insurance		26,065	6,407
Motor vehicle expense		570	528
Petrol and oil		11,212	10,532
Printing and stationery		16,397	8,979
Project expenditure		73,835	8,968
Project expenses		7,499	20,906
Promotions		18,331	23,313
Repairs and maintenance		22,774	12,934
Salaries		873,510	885,408
Secretarial fees		450	450
Security		9,812	2,445
Telephone and fax		20,414	14,708
Workmans compensation		3,320	26,820
		<u>1,817,531</u>	<u>1,905,131</u>
Surplus (Deficit) from resources for the year		<u>(57,355)</u>	<u>(481,407)</u>

The supplementary information presented does not form part of the annual financial statements and is unaudited

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Financial Statements for the year ended 28 February 2018

Supplementary Information

Figures in R	2018	2017
1. Donations		
Asp Fire	7,500	-
B Chapman	6,635	6,727
Parity Software	-	30,000
Cwenga technology	5,000	50,000
Thaba Eco Hotel	84,000	56,000
Sigma Lifts & Escalators	-	20,000
Consol (Pty) Ltd	-	19,717
Barloworld Pty Ltd	30,000	30,000
Borole	-	10,000
Drs Mashao & Dzichauya	36,000	36,000
EOH Mthombo (Pty) Ltd	500,000	300,000
Friends of COPESSA	27,000	-
Gauteng Department of Social Services	552,762	513,660
Investec Private Trust	-	200,000
Investec Stel and Paul Loewestein	200,000	-
Lancet Laboratories	-	12,000
Lisa Paschke church	2,700	-
Nedbank	-	20,000
Sandton SDA Church	20,000	-
Township Realtors	-	20,000
TSS Managed Services (Pty) Ltd	50,000	-
Winter Warmer	5,000	-
Wits Citizenship & Community Outreach	19,740	-
	<u>1,546,337</u>	<u>1,324,104</u>
2. Fundraising		
Consol (Pty) Ltd	10,000	4,000
COPESSA Fundraising Golf Day	79,000	93,930
702 Walk entry	550	-
Crafts for Woman	89,950	-
Business breakfast	31,835	-
My School Card	2,504	1,690
	<u>213,839</u>	<u>99,620</u>

The supplementary information presented does not form part of the annual financial statements and is unaudited