

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 2017

COPESSA

(Registration Number 2000/025755/08)

Annual Financial Statements for the year ended 28 February 2017

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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
Ms L Mbongwe
Mr MS Molefe
Mr A Anderson

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of COPESSA

We have audited the financial statements of COPESSA set out on pages 6 to 14, 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 the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of COPESSA as at 28 February 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities, and the requirements of the Companies Act of South Africa.

Other matter

Without qualifying our opinion we draw attention to the fact that supplementary information set out on page 15 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 28 February 2017, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. The Directors' Report is the responsibility of the directors'. Based on reading the Directors' Report we have not identified material inconsistencies between this report and the audited financial statements. However, we have not audited the Directors' Report and accordingly do not express an opinion thereon.

Laburn Financial Incorporated

15 October 2016


Per: **Samantha Laburn**

54 Sue Avenue

Director

Blairgowrie

Chartered Accountant (SA)

2194

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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 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 financial statements support the viability of the company.

The 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 shareholders, 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 page 3.

The annual financial statements as set out on pages 6 to 14 were approved by the board on 15 October 2016 and were signed on their behalf by:

Director 


Director

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Annual Financial Statements for the year ended 28 February 2017

DIRECTORS' REPORT

The directors present their report for the year ended 28 February 2017.

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.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

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 of the financial position of the company.

4. 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
Ms L Mbongwe
Mr MS Molefe
Mr A Anderson

5. Secretary

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

6. Auditors

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

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Annual Financial Statements as at 28 February 2017

STATEMENT OF FINANCIAL POSITION

Figures in R	Note(s)	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	2	813,713	866,143
Current Assets			
Loans receivable	3	60,143	60,143
Cash and cash equivalents	4	55,008	429,478
		115,151	489,621
Total Assets		928,864	1,355,764
Equity and Liabilities			
Equity			
Retained income		850,138	1,331,545
Current Liabilities			
Trade and other payables	5	78,726	24,219
Total Equity and Liabilities		928,864	1,355,764

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STATEMENT OF COMPREHENSIVE INCOME

Figures in R	Note(s)	2017	2016
Donations and Fundraising	6	1,423,724	1,721,133
Resources utilised		(1,905,131)	(1,408,257)
(Deficit) Surplus from resources	7	(481,407)	312,876
Finance costs	8	-	(1,974)
(Deficit) Surplus from resources for the year		(481,407)	310,902
Retained income at 1 March 2016		1,331,545	1,020,643
Surplus (deficit) from resources for the year		(481,407)	310,902
Retained income at 28 February 2017		850,138	1,331,545

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STATEMENT OF CHANGES IN EQUITY

Figures in R	Retained earnings	Total
Balance at 1 March 2015	1,020,643	1,020,643
Total comprehensive income for the year		
Profit for the year	310,902	310,902
Total comprehensive income for the year	<u>310,902</u>	<u>310,902</u>
Balance at 29 February 2016	<u>1,331,545</u>	<u>1,331,545</u>
Balance at 1 March 2016	1,331,545	1,331,545
Total comprehensive income for the year		
Loss 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>850.138</u>	<u>850.138</u>

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STATEMENT OF CASH FLOWS

Figures in R	Note(s)	2017	2016
Cash flows from operating activities			
(Loss)/profit for the year		(481,407)	310,902
<i>Adjustments for:</i>			
Finance costs		-	1,974
Depreciation of Property, plant and equipment		90,455	116,491
Operating cash flow before working capital changes		(390,952)	429,367
<i>Working capital changes</i>			
Decrease in short-term loans		-	(10,143)
Increase/(decrease) in trade and other payables		54,507	(12,314)
Cash (utilised in)/generated by operating activities		(336,445)	406,910
Finance costs		-	(1,974)
Net cash from operating activities		(336,445)	404,936
Cash flows from investing activities			
Property, plant and equipment acquired	2	(38,025)	-
Net cash utilised in investing activities		(38,025)	-
(Decrease)/increase in cash and cash equivalents		(374,470)	404,936
Cash and cash equivalents at beginning of the year		429,478	24,542
Cash and cash equivalents at end of the year	4	55,008	429,478

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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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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.

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Annual Financial Statements for the year ended 28 February 2017

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in R

2017

2016

2. Property, plant and equipment

	Cost	Accumulated depreciation	2017 Carrying value	Cost	Accumulated depreciation	2016 Carrying value
<i>Owned assets</i>						
Land and buildings	531,522	(156,822)	374,700	512,822	(156,822)	356,000
Plant and equipment	1,328,132	(908,080)	420,052	1,328,132	(819,150)	508,982
IT equipment	90,177	(90,177)	-	90,177	(89,016)	1,161
Electronic equipment	128,226	(109,265)	18,961	108,901	(108,901)	-
	3,022,481	(2,208,768)	813,713	2,984,456	(2,118,313)	866,143

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

	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

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2016 Carrying value at end of year
<i>Owned assets</i>					
Land and buildings	356,000	-	-	-	356,000
Plant and equipment	600,551	-	-	(91,569)	508,982
IT equipment	8,127	-	-	(6,966)	1,161
	982,635	-	-	(116,492)	866,143

3. Loans receivable

COPESSA Proprietary Limited

60,143

60,143

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

55,008

429,478

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in R

2017

2016

5. Trade and other payables

Trade creditors	9,666	2
Accrued liabilities	69,060	24,217
	<u>78,726</u>	<u>24,219</u>

6. Donations and Fundraising

An analysis of revenue is as follows:

Donations received	1,324,104	1,644,378
Fundraising	99,620	76,755
	<u>1,423,724</u>	<u>1,721,133</u>

7. (Deficit)/surplus from resources

(Deficit)/surplus from resources arrived at after taking into account the following items:

Depreciation and impairments

Owned assets

Plant and equipment	90,455	116,491
Employees costs	1,156,462	1,463,160
Research and development	31,500	31,500
	<u>1,278,417</u>	<u>1,611,151</u>

8. Finance costs

SARS	-	1,974
	<u>-</u>	<u>1,974</u>

9. Directors' emoluments

Name	Salary	Salary
Dr NB Motjuwadi	751,000	528,000

10. Event after the balance sheet date

No events occurred between 28 February 2017 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 6 to 14 or the continued existence of the company as a going concern.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in R

2017

2016

11. Related party transactions

Name	Relationship	Transactions	Amounts owed (to) / by the related party at year-end			
			2017	2016	2017	2016
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	751,000	528,000
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12. 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.

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DETAILED INCOME STATEMENT

Figures in R	Note(s)	2017	2016
Donations and Fund raising			
Donations received		1,324,104	1,644,378
Fundraising		99,620	76,755
		<u>1,423,724</u>	<u>1,721,133</u>
Resources utilised			
Accounting fees		-	(11,400)
Bank charges		524	595
Capital expenditure under R8000		8,968	12,905
Computer expenses		2,138	2,177
Consulting fees		10,000	-
Depreciation - Tangible assets		90,455	116,491
Emoluments - Directors	9	751,000	528,000
Entertainment		7,759	-
Finance costs		-	1,974
Food Parcels		20,857	-
Hire - Equipment		-	500
Insurance		6,407	25,306
Motor vehicle expense		21,434	621
Petrol and oil		10,532	18,911
Printing and stationery		8,979	7,477
Promotions		23,313	12,561
Repairs and maintenance		12,934	10,459
Research and development costs		-	31,500
Salaries		885,408	628,462
Secretarial fees		450	-
Security		2,445	4,100
Subscriptions		-	892
Telephone and fax		14,708	17,139
Workmans compensation		26,820	1,561
		<u>1,905,131</u>	<u>1,410,231</u>
Surplus (Deficit) from resources for the year		<u>(481,407)</u>	<u>310,902</u>

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

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Supplementary Information

Figures in R	2017	2016
1. Donations		
Anonymous	-	300,000
Asp Fire	-	2,000
B Chapman	6,727	12,277
Parity Software	30,000	-
Cwenga technology	50,000	-
Thaba Eco Hotel	56,000	-
Sigma Lifts & Escalators	20,000	-
Consol (Pty) Ltd	-	25,000
Brian & Carolyn Sweeney	19,717	-
Barloworld Pty Ltd	30,000	-
Borole	10,000	-
Drs Mashao & Dzichauya	36,000	36,000
EOH Mthombo (Pty) Ltd	300,000	350,000
Friends of COPESSA	-	13,800
Gauteng Department of Social Services	513,660	496,819
Investec Private Trust	200,000	50,000
Kiron (Pty) Ltd	-	5,000
Lancet Laboratories	12,000	10,000
Mondeor Methodist Church	-	13,482
Nedbank	20,000	-
Township Realtors	20,000	40,000
Vodacom Foundation	-	200,000
Wits Citizenship & Community Outreach	-	90,000
	<u>1,324,104</u>	<u>1,644,378</u>
2. Fundraising		
Consol (Pty) Ltd	4,000	-
COPESSA Fundraising Golf Day	93,930	67,400
Community Veggie Gardens	-	4,545
Crafts for Woman	-	2,038
Fundraising Glass Recycling	-	508
My School Card	1,690	2,264
	<u>99,620</u>	<u>76,755</u>

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