

MPILONHLE - "GOOD LIFE"
(Registration number 051-766 NPO)
Annual financial statements
for the year ended 31 December 2015

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2015

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Non-profit organisation
Directors	Michael Bennish Ms Dudu Maela
Registered office	Lot 33 Lower Umfolozi Mtubatuba Kwa-Zulu Natal 3935
Postal address	Postnet Suite 33 Private Bag X013 Mtubatuba 3935
Bankers	The Standard Bank of South Africa
Auditors	Nexia SAB&T Chartered Accountants (S.A.) Registered Auditors
Company registration number	051-766 NPO
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2015

Index

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

Index	Page
Directors' Responsibilities and Approval	3
Directors' Report	4
Statement of Financial Position	5
Statement of Comprehensive Income	6
Statement of Changes in Funds	7
Statement of Cash Flows	8
Accounting Policies	9 - 10
Notes to the Annual Financial Statements	11 - 12
Detailed Income Statement	13

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2015

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, 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 fairly present the state of affairs of the company 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 International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied 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 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 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 directors have reviewed the company's cash flow forecast for the year to 31 December 2016 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 4.

The annual financial statements and other supplementary information set out on pages 4 to 13, which have been prepared on the going concern basis, were approved and signed by:



Michael Bennish
Executive Director: Operations

Mtubatuba

Date: 24 May 2016

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2015

Directors' Report

The directors submit their report for the year ended 31 December 2015.

1. Review of activities

Main business and operations

Mpilonhle's mission is to improve health and social development of persons in the Umkhanyakude District and to engage with the government, schools, parents, community, the traditional authority, and sectors that deal with health and social development among the youth.

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

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

Net surplus of the company was R 920 251 (2014: Deficit R 2 957 523).

2. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.

3. Directors

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

Name	Position on the Board of Directors
Michael Bennish	Executive Director: Operations

4. Auditors

Nexia SAB&T was appointed as the auditors for the 2015 financial year.

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2015

Statement of Financial Position as at 31 December 2015

	Note(s)	2015 R	2014 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	3 418 865	741 202
Current Assets			
Trade and other receivables	3	721 262	56 527
Prepayments		20 266	-
Cash and cash equivalents	4	135 598	2 505 632
		877 126	2 562 159
Total Assets		4 295 991	3 303 361
Funds and Liabilities			
Funds			
Accumulated surplus		4 103 572	3 183 321
Liabilities			
Current Liabilities			
Trade and other payables	5	157 419	120 040
Provisions		35 000	-
		192 419	120 040
Total Funds and Liabilities		4 295 991	3 303 361

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2015

Statement of Comprehensive Income

	Note(s)	2015 R	2014 R
Grants received and other income	10	11 795 794	11 700 718
Operating expenses		(10 912 688)	(8 827 547)
Operating surplus/(deficit)	6	883 106	2 873 171
Investment revenue	7	41 053	91 028
Finance costs	8	(3 908)	(6 676)
Surplus/(Deficit) for the year		920 251	2 957 523
Other comprehensive income		-	-
Total comprehensive surplus/(deficit) for the year		920 251	2 957 523

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2015

Statement of Changes in Funds

	Accumulated surplus R	Total Funds R
Balance at 01 January 2014	225 798	225 798
Surplus for the year	2 957 523	2 957 523
Other comprehensive income	-	-
Total comprehensive surplus for the year	2 957 523	2 957 523
Balance at 01 January 2015	3 183 321	3 183 321
Surplus for the year	920 251	920 251
Other comprehensive income	-	-
Total comprehensive surplus for the year	920 251	920 251
Balance at 31 December 2015	4 103 572	4 103 572

Note(s)

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2015

Statement of Cash Flows

	Note(s)	2015 R	2014 R
Cash flows from operating activities			
Cash receipts from funders		11 789 258	-
Cash paid to suppliers and employees		(10 599 331)	2 970 111
Cash generated from operations		1 189 927	2 970 111
Interest income		41 053	91 028
Finance costs		(3 908)	(6 676)
Net cash from operating activities		1 227 072	3 054 463
Cash flows from investing activities			
Additions to property, plant and equipment	2	(3 597 106)	(705 803)
Total cash movement for the year		(2 370 034)	2 348 660
Cash at the beginning of the year		2 505 632	156 971
Total cash at end of the year	4	135 598	2 505 631

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2015

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. 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 items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

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

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs include costs incurred initially to acquire 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 provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Buildings	50 years
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	3 years
IT equipment	3 years

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Assets with a purchase price lower than R5 000 are written off immediately.

1.2 Financial instruments

Financial instruments at amortised cost

Debt instruments, as defined in the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At the end of 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 so, an impairment loss is recognised

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

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.

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2015

Accounting Policies

1.3 Leases

Operating leases – lessee

Operating leases, which are for the rental of property and a multifunction printer, are recognised as an expense in accordance with the terms of the lease agreement. The lease rentals expense have been included under office expenses for the year as it is not considered material for separate disclosure.

1.4 Impairment of assets

The company assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.5 Provisions and contingencies

Provisions are recognised when:

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

1.6 Grants

Grant income is recognised in income for the year when the grant funds are received and the conditions of the grants met.

1.7 Revenue

Donation and grant income are recognised when it is received.

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

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

	2015 R	2014 R
--	-----------	-----------

2. Property, plant and equipment

	2015			2014		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
Buildings	2 682 744	(53 655)	2 629 089	-	-	-
Furniture and fixtures	720 212	(720 212)	-	720 212	(674 888)	45 324
Motor vehicles	3 399 106	(2 734 959)	664 147	2 635 500	(2 209 248)	426 252
IT equipment	1 598 797	(1 473 168)	125 629	1 448 043	(1 178 417)	269 626
Total	8 400 859	(4 981 994)	3 418 865	4 803 755	(4 062 553)	741 202

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Other changes, movements	Depreciation	Total
Buildings	-	2 691 089	(8 345)	(53 655)	2 629 089
Furniture and fixtures	45 324	-	-	(45 324)	-
Motor vehicles	426 252	755 263	-	(517 368)	664 147
IT equipment	269 626	150 754	-	(294 751)	125 629
	741 202	3 597 106	(8 345)	(911 098)	3 418 865

3. Trade and other receivables

Trade receivables	1 277	549
VAT receivable	714 137	50 130
Deposits and prepayments	5 848	5 848
	721 262	56 527

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	135 344	2 505 378
Short-term deposits	254	254
	135 598	2 505 632

5. Trade and other payables

Payroll accrual	156 253	89 202
Fleet card accrual	-	1 350
Credit card accrual	1 166	29 488
	157 419	120 040

6. Operating surplus/(deficit)

Operating surplus/(deficit) for the year is stated after accounting for the following:

Depreciation on property, plant and equipment	919 441	132 052
Employee costs	5 330 364	5 636 191

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2015

Notes to the Annual Financial Statements

	2015 R	2014 R
7. Investment revenue		
Interest revenue		
Interest income	41 053	91 028
8. Finance costs		
Interest paid	3 908	6 676
9. Auditors' remuneration		
Fees	74 245	21 930
Provision for Audit fees 2016	35 000	-
	109 245	21 930
10. Grant and other Income		
Heading		
Department of Health	687 500	2 200 000
DST Tirelo Bosha	1 471 952	-
CIDA	-	50 000
Old Mutual Life Assurance Company (South Africa)	-	625 000
DST	2 000 000	-
National Lotteries	570 000	-
TOMS Shoes Inc.	5 308 081	4 583 114
University Research Co.	788 245	592 805
ApexHi Charitable Trust	-	500 000
South African Sugar Association	70 000	70 000
Other Income	-	11 973
TOMS Shoes	743 481	1 817 247
URC	-	1 250 579
ApexHi	150 000	-
	11 789 259	11 700 718

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2015

Detailed Income Statement

	Note(s)	2015 R	2014 R
Other income			
Sundry income		4 771	-
Grants received		11 784 488	11 688 745
Other income		6 535	11 973
Interest received	7	41 053	91 028
		11 836 847	11 791 746
Operating expenses			
Auditors' remuneration	9	109 245	21 930
Bank charges		59 793	173 716
Community project expenses		1 506 792	434 214
Computer and IT related expenses		-	8 022
Consulting and Professional Fees		35 154	49 665
Depreciation and impairments		919 441	132 052
Employee costs		5 330 364	5 636 191
Construction expenses		-	67 459
Office expenses		2 389 687	2 073 642
Other direct costs		384 528	200 106
Travel		177 684	30 550
		10 912 688	8 827 547
Operating surplus	6	924 159	2 964 199
Finance costs	8	(3 908)	(6 676)
Surplus for the year		920 251	2 957 523
Other comprehensive income		-	-
Total comprehensive surplus for the year		920 251	2 957 523