MPILONHLE - "GOOD LIFE"
(Registration number 051-766 NPO)
Annual financial statements
for the year ended 31 December 2016

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Non-profit organisation
Directors	Michael Bennish Mr ZV Madikizela Ms TT Ngubane Pastor MC Dhlomo Ms. Nomthandazo Mthembu
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.

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

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 2017 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 5 to 15, which have been prepared on the going concern basis, were approved and signed by:

Michael Bennish

Michael Bennish
Executive Director: Operations

Mtubatuba

Date: 11 April 2017

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Nexia SAB&T
accountants | auditors | consultants

Independent Auditors' Report

To the members of Mpilonhle "Good Life"

We have audited the annual financial statements of Mpilonhle - "Good Life", as set out on pages 6 to 13, which comprise the statement of financial position as at 31 December 2016, 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 Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual 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 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 auditors' 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 management, as well as evaluating the overall presentation of the annual 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 annual financial statements present fairly, in all material respects, the financial position of Mpilonhle "Good Life" as at 31 December 2016, and its financial performance and its 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 71 of 2008.

Nexia SAB&T

S Ismail
Director
Nexia SAB&T
Registered Auditors

Date: 11 April 2017

Directors' Report

The directors submit their report for the year ended 31 December 2016.

1. Review of activities

Main business and operations

Mpilonhle's mission is to improve the 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 3 037 190 (2015: Surplus R 1 891 066).

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
Mr ZV Madikizela	Member
Ms TT Ngubane	Member
Pastor MC Dhlomo	Member
Ms. Nomthandazo Mthembu	Member

4. Auditors

Nexia SAB&T will continue in office as auditors for the ensuing period in accordance with section 90 of the Companies Act,2008.

Statement of Financial Position as at 31 December 2016

	Note(s)	2016 R	2015 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	3 416 665	4 389 678
Current Assets			
Trade and other receivables	3	268 206	721 264
Prepayments		20 266	20 266
Cash and cash equivalents	4	5 293 167	135 598
		5 581 639	**877 128**
Total Assets		**8 998 304**	**5 266 806**
Funds and Liabilities			
Funds			
Accumulated surplus		8 111 577	5 074 387
Liabilities			
Current Liabilities			
Trade and other payables	5	144 727	157 419
Provisions	9	35 000	35 000
Other financial liabilities		707 000	-
		886 727	**192 419**
Total Funds and Liabilities		**8 998 304**	**5 266 806**

Statement of Comprehensive Income

	Note(s)	2016 R	2015 R
Grants received and other income	11	12 729 868	11 795 794
Operating expenses		(9 709 928)	(9 941 873)
Operating surplus	6	**3 019 940**	**1 853 921**
Investment revenue	7	33 059	41 053
Finance costs	8	(15 809)	(3 908)
Surplus for the year		**3 037 190**	**1 891 066**
Other comprehensive income		-	-
Total comprehensive surplus for the year		**3 037 190**	**1 891 066**

Statement of Changes in Funds

	Accumulated surplus R	Total funds R
Balance at 01 January 2015	**3 183 321**	**3 183 321**
Surplus for the year	1 891 066	1 891 066
Other comprehensive income	-	-
Total comprehensive surplus for the year	**1 891 066**	**1 891 066**
Balance at 01 January 2016	**5 074 387**	**5 074 387**
Surplus for the year	3 037 190	3 037 190
Other comprehensive income	-	-
Total comprehensive surplus for the year	**3 037 190**	**3 037 190**
Balance at 31 December 2016	**8 111 577**	**8 111 577**

Statement of Cash Flows

	Note(s)	2016 R	2015 R
Cash flows from operating activities			
Cash receipts from funders		12 705 629	11 789 258
Cash paid to suppliers and employees		(7 932 296)	(9 232 179)
Cash generated from operations	10	4 773 333	2 557 079
Interest income		33 059	41 053
Finance costs		(15 809)	(3 908)
Net cash from operating activities		**4 790 583**	**2 594 224**
Cash flows from investing activities			
Additions to property, plant and equipment	2	(340 015)	(4 964 258)
Cash flows from financing activities			
Other financial liabilities		707 000	-
Total cash movement for the year		**5 157 568**	**(2 370 034)**
Cash at the beginning of the year		135 598	2 505 632
Total cash at end of the year	4	**5 293 166**	**135 598**

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
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	3 years
IT equipment	3 years
Leasehold improvements	5 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.

Financial instruments at fair value

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

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 Revenue

Donation and grant income are recognised when it is received.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

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

Notes to the Annual Financial Statements

	2016 R	2015 R

2. Property, plant and equipment

	2016			2015		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Leasehold improvements	2 949 046	(1 117 481)	1 831 565	2 682 744	(536 549)	2 146 195
Furniture and fixtures	910 279	(783 567)	126 712	910 279	(751 890)	158 389
Motor vehicles	3 390 763	(2 619 454)	771 309	3 390 763	(2 389 001)	1 001 762
IT equipment	2 857 939	(2 170 860)	687 079	2 784 227	(1 700 895)	1 083 332
Total	**10 108 027**	**(6 691 362)**	**3 416 665**	**9 768 013**	**(5 378 335)**	**4 389 678**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Leasehold improvements	2 146 195	266 302	(580 932)	1 831 565
Furniture and fixtures	158 389	-	(31 677)	126 712
Motor vehicles	1 001 762	-	(230 453)	771 309
IT equipment	1 083 332	73 713	(469 966)	687 079
	4 389 678	**340 015**	**(1 313 028)**	**3 416 665**

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Leasehold improvements	-	2 682 744	(536 549)	2 146 195
Furniture and fixtures	45 324	190 067	(77 002)	158 389
Motor vehicles	426 252	755 263	(179 753)	1 001 762
IT equipment	269 626	1 336 184	(522 478)	1 083 332
	741 202	**4 964 258**	**(1 315 782)**	**4 389 678**

Note

Included in IT equipment are costs incurred to acquire mobile computer laboratories stationed at various schools situated within the Umkhanyakude District in Kwazulu-Natal.

The ownership of the mobile computers rests with Mpilonhle as all costs to repair, maintain and service these computers are borne by Mpilonhle.

3. Trade and other receivables

	2016 R	2015 R
Trade receivables	25 516	1 277
VAT receivable	236 842	714 139
Deposits and prepayments	5 848	5 848
	268 206	**721 264**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Notes to the Annual Financial Statements

	2016 R	2015 R

4. Cash and cash equivalents (continued)

	2016 R	2015 R
Bank balances	5 292 913	135 344
Short-term deposits	254	254
	5 293 167	**135 598**

5. Trade and other payables

	2016 R	2015 R
Payroll accrual	135 820	156 253
Credit card accrual	8 907	1 166
	144 727	**157 419**

6. Operating surplus

Operating surplus for the year is stated after accounting for the following:

	2016 R	2015 R
Depreciation on property, plant and equipment	1 313 029	1 315 781
Employee costs	4 901 400	5 330 364

7. Investment revenue

	2016 R	2015 R
Interest revenue		
Interest income	33 059	41 053

8. Finance costs

	2016 R	2015 R
Interest paid	15 809	3 908

9. Auditors' remuneration

	2016 R	2015 R
Audit fees		
- Agreed Upon Procedures	35 000	35 000
- External Audit	34 084	21 930
	69 084	**56 930**

10. Cash generated from operations

	2016 R	2015 R
Surplus for the year	3 037 190	1 891 066
Adjustments for:		
Depreciation	1 313 029	1 315 781
Interest received	(33 059)	(41 053)
Finance costs	15 809	3 908
Movements in provisions	-	35 000
Changes in working capital:		
Trade and other receivables	453 058	(664 734)
Prepayments	-	(20 266)
Trade and other payables	(12 694)	37 377
	4 773 333	**2 557 079**

Notes to the Annual Financial Statements

11. Grant and other Income

	2016 R	2015 R
ApexHi Charitable Trust	200 000	150 000
Discovery	320 000	-
Department of Health	962 500	687 500
Department of Science and Technology	468 201	2 000 000
Department of Science and Technology Tirelo Bosha	2 000 000	1 471 952
European Union	-	5 308 081
Independent Development Trust	954 408	-
Old Mutual Life Assurance Company (South Africa)	-	570 000
South African Sugar Association	-	70 000
TOMS Shoes	1 333 973	743 481
Global Fund	6 486 677	-
University Research Council	-	788 245
Other Income	4 109	-
	12 729 868	**11 789 259**

Detailed Income Statement

	Note(s)	2016 R	2015 R
Other income			
Sundry income		4 109	4 771
Grants received		12 725 759	11 784 488
Other income		-	6 535
Interest received	7	33 059	41 053
		12 762 927	**11 836 847**
Operating expenses			
Auditors' remuneration	9	69 084	91 974
Bank charges		48 007	59 793
Community project expenses		60 194	139 638
Consulting and professional fees		467 041	52 424
Depreciation and impairments		1 313 029	1 315 781
Employee costs		4 901 400	5 330 364
Office expenses		2 651 575	2 389 687
Other direct costs		150 757	384 528
Travel		48 841	177 684
		9 709 928	**9 941 873**
Operating surplus	6	**3 052 999**	**1 894 974**
Finance costs	8	(15 809)	(3 908)
Surplus for the year		**3 037 190**	**1 891 066**
Other comprehensive income		-	-
Total comprehensive surplus for the year		**3 037 190**	**1 891 066**