

MPILONHLE - "GOOD LIFE"
(Registration number 051-766 NPO)
Annual financial statements
for the year ended 31 December 2014

VALTS
19 MARCH
2015

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2014

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.

C.O.M.

MELB
19 MARCH 2015

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2014

Index

The reports and statements set out below comprise the annual financial statements presented to the board of directors:

Index	Page
Directors' Responsibilities and Approval	3
Independent Auditors' Report	4
Directors' Report	5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Funds	8
Statement of Cash Flows	9
Accounting Policies	10 - 11
Notes to the Annual Financial Statements	12 - 13
Detailed Income Statement	14

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2014

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 organisation 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 organisation 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation 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 organisation's cash flow forecast for the year to 31 December 2015 and, in the light of this review and the current financial position, they are satisfied that the organisation 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 organisation's annual financial statements. The annual financial statements have been examined by the organisations's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 5 to 14, which have been prepared on the going concern basis, were approved and signed by:



Michael Bennish
Executive Director: Operations



Ms Dudu Maoela
Board Chairperson

Mtubatuba

Date: 19 MARCH 2015

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 2014, 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 2014, 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

Per: S Ismail
Director
Nexia SAB&T
Registered Auditors

Date: 13 March 2015

Directors: B Adam (CEO), A Aboobaker, Z Abrams, A Darmalingam, T de Kock, S Gambu*, Y Hassen, N Hassim, S Ismail, B Jhetam, H Kajje, S Kleovoulou, H Makamure, S Makamure, T Mayot, P Mkumbuzi, K Rama, M Sindane, Y Soma, Z Sonpra, N Soopal, M F Sulaman, I Theron, H van der Merwe, M Wessels
* Non Executive

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Other Offices: Bloemfontein, Cape Town, Centurion, Kimberley, Nelspruit, Polokwane, Port Elizabeth, Rustenburg

SAB&T Chartered Accountants Incorporated is an independent member firm of
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IRBA Reg No: 921297



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Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2014

Directors' Report

The directors submit their report for the year ended 31 December 2014.

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 non-profit organisation was R 2 957 524 (2013: Deficit R 1 220 806).

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
Ms Dudu Maoela	Board Chairperson

4. Auditors

Nexia SAB&T was appointed as the auditors for the 2014 financial year.

C.D.M. MCB

19 MARCH
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Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2014

Statement of Financial Position as at 31 December 2014

	2014 R	2013 R
Assets		
Non-Current Assets		
Property, plant and equipment	741 202	167 452
Current Assets		
Trade and other receivables	56 528	59 585
Cash and cash equivalents	2 505 632	156 971
Total Assets	3 303 362	384 008
Funds and Liabilities		
Funds		
Accumulated surplus	3 183 322	225 798
Liabilities		
Current Liabilities		
Trade and other payables	120 040	158 210
Total Funds and Liabilities	3 303 362	384 008

C.D.M. MCB

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Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2014

Statement of Comprehensive Income

	2014 R	2013 R
Grants received and other income	11 700 718	4 061 354
Operating expenses	(8 827 546)	(5 284 014)
Operating surplus/(deficit)	2 873 172	(1 222 660)
Investment revenue	91 028	6 345
Finance costs	(6 676)	(4 491)
Surplus/(Deficit) for the year	2 957 524	(1 220 806)
Other comprehensive income	-	-
Total comprehensive surplus/(deficit) for the year	2 957 524	(1 220 806)

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Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2014

Statement of Changes in Funds

	Accumulated surplus R	Total Funds R
Balance at 01 January 2013	1 446 604	1 446 604
Deficit for the year	(1 220 806)	(1 220 806)
Other comprehensive income	-	-
Total comprehensive deficit for the year	(1 220 806)	(1 220 806)
Balance at 01 January 2014	225 798	225 798
Surplus for the year	2 957 524	2 957 524
Other comprehensive income	-	-
Total comprehensive surplus for the year	2 957 524	2 957 524
Balance at 31 December 2014	3 183 322	3 183 322

Note(s)

E.D.M. MLB

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2014

Statement of Cash Flows

	2014 R	2013 R
Cash flows from operating activities		
Cash generated from (used in) operations	2 970 112	(965 062)
Interest income	91 028	6 345
Finance costs	(6 676)	(4 491)
Net cash from operating activities	3 054 464	(963 208)
Cash flows from investing activities		
Additions to property, plant and equipment	(705 803)	(23 682)
Total cash movement for the year	2 348 661	(986 890)
Cash at the beginning of the year	156 971	1 143 861
Total cash at end of the year	2 505 632	156 971

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Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2014

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

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.

C. D. M. MLB

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Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2014

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 as and when the grant funds are received.

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.

1.8 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in the functional currency of the company, 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 the end of each reporting period:

- 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.

C.D.M. N.L.B.

19 MARCH 2015

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2014

Notes to the Annual Financial Statements

	2014			2013		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
Furniture and fixtures	720 212	(674 888)	45 324	720 212	(665 823)	54 389
Motor vehicles	2 635 500	(2 209 248)	426 252	2 238 500	(2 135 768)	102 732
Office equipment	-	-	-	226 085	(226 085)	-
IT equipment	1 448 043	(1 178 417)	269 626	1 139 240	(1 128 909)	10 331
Total	4 803 755	(4 062 553)	741 202	4 324 037	(4 156 585)	167 452

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	54 389	-	(9 065)	45 324
Motor vehicles	102 732	397 000	(73 480)	426 252
IT equipment	10 331	308 803	(49 508)	269 626
	167 452	705 803	(132 053)	741 202

3. Trade and other receivables

Trade receivables	549	-
VAT receivable	50 131	53 737
Deposits and prepayments	5 848	5 848
	56 528	59 585

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	2 505 378	138 717
Short-term deposits	254	18 254
	2 505 632	156 971

5. Trade and other payables

Payroll accrual	89 202	66 700
Fleet card accrual	1 350	53 484
Credit card accrual	29 488	38 026
	120 040	158 210

6. Operating surplus/(deficit)

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

Depreciation on property, plant and equipment	132 052	204 813
Employee costs	5 636 191	3 235 532

C. D. M. MCB

19 March
2015

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2014

Notes to the Annual Financial Statements

	2014 R	2013 R
7. Finance costs		
Interest paid	6 676	4 491
8. Cash generated from (used in) operations		
Surplus/(Deficit) for the year	2 957 524	(1 220 806)
Adjustments for:		
Depreciation	132 052	204 813
Interest received	(91 028)	(6 345)
Finance costs	6 676	4 491
Changes in working capital:		
Trade and other receivables	3 057	24 238
Trade and other payables	(38 169)	28 547
	<u>2 970 112</u>	<u>(965 062)</u>
9. Grant and other income		
Funding Received		
Canadian International Development Agency	50 000	450 000
Discovery Fund	625 000	200 000
Department of Health	2 200 000	800 000
European Union	4 583 114	-
Independant Development Trust	592 805	136 342
Old Mutual Life Assurance Company (South Africa)	500 000	-
South African Sugar Association	70 000	36 000
TOMS Shoes Inc.	1 817 247	607 770
University Research Co.	1 250 579	320 300
ApexHi Charitable Trust	-	120 000
Australian High Commission	-	109 331
IQRAA	-	50 002
National Lotteries	-	1 166 809
One Sight	-	62 181
Other income	11 973	2 620
	<u>11 700 718</u>	<u>4 061 355</u>

C.D.M. MLB
19 MAR 2015

Mpilonhle - "Good Life"

(Registration number 051-766 NPO)

Annual Financial Statements for the year ended 31 December 2014

Detailed Income Statement

	2014 R	2013 R
Other income		
Grants received	11 688 745	4 058 734
Other income	11 973	2 620
Interest received	91 028	6 345
	<u>11 791 746</u>	<u>4 067 699</u>
Operating expenses		
Bank charges	173 716	18 652
Community project expenses	434 214	38 176
Computer and IT related expenses	8 022	-
Consulting and Professional Fees	71 594	87 265
Depreciation and impairments	132 052	204 813
Employee costs	5 636 191	3 235 532
Food security program	-	13 525
Construction expenses	67 459	-
Office expenses	2 073 642	1 633 398
Other direct costs	200 106	40 003
Travel	30 550	12 650
	<u>8 827 546</u>	<u>5 284 014</u>
Operating deficit		
Finance costs	6 7	2 964 200 (1 216 315)
		(6 676) (4 491)
Surplus/Deficit for the year		<u>2 957 524</u> <u>(1 220 806)</u>
Other comprehensive income		-
Total comprehensive surplus (deficit) for the year		<u>2 957 524</u> <u>(1 220 806)</u>

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