ELKANA CHILDCARE (NPC)

Registration Number: 2003/006176/08
NPO Number: 036-188-NPO

ANNUAL FINANCIAL STATEMENTS AT 31 MARCH 2017

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ANNUAL FINANCIAL STATEMENTS AT 31 MARCH 2017

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Chartered Accountants (SA)
Geoktrooieerde Rekenmeesters (SA)

DE JAGER BOSHOFF

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF ELKANA CHILDCARE (NPC)

Registration Number: 2003/006176/08

We have audited the accompanying financial statements of Elkana Childcare (NPC), which comprise the directors' report, statement of financial position at 31 March 2017, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, and summary of significant accounting policies and other explanatory notes set out on pages 3 tot 10.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 the 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 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.

Qualification

In common with non-profitable organizations, it is not feasible to institute accounting controls over cash collections prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Qualified Audit Opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements fairly present, in all material respects, the financial position of the company at 31 March 2017 and of the results of its operations and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act No 71 of 2008.

Other Matter

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 11 does not form part of the annual financial statements and is presented as additional information. We have not audited this schedule and accordingly we do not express an opinion on it.

Other Reports required by the Companies Act

As part of our audit of the financial statements for the year ended 31 March 2017, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between this report and the reviewed 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 reviewed financial statements. However, we have not reviewed the directors' report and accordingly do not express a conclusion thereon.

CB DE JAGER (CA) SA
Registered Auditor
15 September 2017

Directors | Direkteure: CB de Jager
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Ceres, Malmesbury, Paarl, Somerset West, Wellington & Worcester

ELKANA CHILDCARE (NPC)

Registration Number: 2003/006176/08

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REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

The directors have pleasure in presenting their report together with the financial statements for the year ended 31 March 2017.

1 NATURE OF BUSINESS

The principal activity of the company is to promote, co-ordinate and administer all the activities related to childcare.

2 REVIEW OF BUSINESS RESULTS

The financial position and results of operations of the company are adequately reflected in the annual financial statements.

3 DIRECTORS

The directors at the accounting date and at the date of this report were:

T Botha
R Bowers
GJ Burger
RM Kortjé
VM Mehl
AM Strauss
EJ Titus

4 DECLARATION OF RESPONSIBILITY

The directors are responsible for maintaining adequate accounting records and ensuring that complete and accurate financial statements are prepared. The external auditors are responsible for independently reporting on the reasonability of the financial statements in accordance with International Standards on Auditing. The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act No 71 of 2008.

The financial statements have been prepared on the going concern basis as the directors believe that the company has the necessary means to continue its business activities for the foreseeable future.

5 POST ACCOUNTING DATE EVENTS

The directors are not aware of any material fact, circumstance or event which occurred between the accounting date and the date of this report which might influence an assessment of the company's financial position and the results of its operations.

6 APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements were approved by the Board of Directors and are signed:

DIRECTOR

DIRECTOR

15 September 2017

ELKANA CHILDCARE (NPC)

Registration Number: 2003/006176/08

NPO Number: 036-188-NPO

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

	Notes	2017 R	2016 R
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	2	2,526,311.73	2,601,343.15
Current Assets			
Cash and Cash Equivalents	3	957,803.23	970,771.63
Total Assets		3,484,114.96	3,572,114.78
EQUITY AND LIABILITIES			
Capital and Reserves			
Accumulated Surplus		3,365,964.61	3,550,272.63
Current Liabilities			
Trade and Other Payables	4	118,150.35	21,842.15
Total Liabilities		118,150.35	21,842.15
Total Equity and Liabilities		3,484,114.96	3,572,114.78

ELKANA CHILDCARE (NPC)

Registration Number: 2003/006176/08

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 R	2016 R
INCOME		2,313,445.15	2,262,744.12
Less: EXPENSES		2,545,199.23	2,152,854.18
Auditor's Remuneration - For Audit Fees		13,680.00	10,260.00
Depreciation	5	106,771.98	117,218.77
Personnel Expenses		1,518,812.00	1,317,775.32
Other Not-required Separate Disclosure		905,935.25	707,600.09
NET OPERATING SURPLUS/(DEFICIT)		(231,754.08)	109,889.94
NET INTEREST		47,446.06	43,325.81
Interest Received		47,600.52	43,394.13
Less: Finance Charges		154.46	68.32
NET SURPLUS/(DEFICIT) for the year		(184,308.02)	153,215.75

ELKANA CHILDCARE (NPC)

Registration Number: 2003/006176/08

NPO Number: 036-188-NPO

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2017

	2017 R	2016 R
CASH FLOW FROM OPERATING ACTIVITIES	18,772.16	265,699.20
Net Surplus/(Deficit) for the year	(184,308.02)	153,215.75
Adjustments for:	59,325.92	73,892.96
Depreciation	106,771.98	117,218.77
Finance Charges	154.46	68.32
Interest Received	(47,600.52)	(43,394.13)
Operating Profit before Working Capital Changes	(124,982.10)	227,108.71
Working Capital Changes	96,308.20	(4,735.32)
Decrease in Trade and Other Receivables	0.00	800.00
Increase/(Decrease) in Trade and Other Payables	96,308.20	(5,535.32)
Cash Generated from Operations	(28,673.90)	222,373.39
Finance Charges	(154.46)	(68.32)
Interest Received	47,600.52	43,394.13
CASH FLOW FROM INVESTING ACTIVITIES	(31,740.56)	(277,571.29)
Additions to Property, Plant and Equipment	(38,010.00)	(18,248.00)
Scrappings of Property, Plant and Equipment	6,269.44	0.00
Deferred Income - National Lottery	0.00	(259,323.29)
Net Decrease in Cash and Cash Equivalents	(12,968.40)	(11,872.09)
Cash and Cash Equivalents at beginning of the year	970,771.63	982,643.72
Cash and Cash Equivalents at end of the year	957,803.23	970,771.63

ELKANA CHILDCARE (NPC)

Registration Number: 2003/006176/08

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Net Income for the year	Total
	R	R
Balance at 31 March 2015	3,397,056.88	3,397,056.88
Net Surplus for the year	153,215.75	153,215.75
Balance at 31 March 2016	3,550,272.63	3,550,272.63
Net Deficit for the year	(184,308.02)	(184,308.02)
Balance at 31 March 2017	3,365,964.61	3,365,964.61

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 MARCH 2017

1 ACCOUNTING POLICIES

The annual financial statements were prepared on the historical cost basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. The principal accounting policies applied, which are consistent with those of the previous year, are as follows:

1.1 Basis of Presentation

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimations are significant to the financial statements.

1.2 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will rarely exactly equal the related actual results. The estimates and assumptions that are a substantial risk of adjustments to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Property, Plant and Equipment

Depreciation on property, plant and equipment is recognised over the useful life, with consideration of the residual values of assets at the end of their useful life. The residual values and useful lifes are based on industry knowledge and previous experience with similar assets. Refer to note 1.3 of the company's accounting policies.

Provision for impairment of Trade Receivables

To enable us to determine the provision of impairment of trade receivables, management makes certain estimates to the estimated recovery rate of debtors who are deemed to be impaired and impairment based on historical risk factors specific to the industry.

1.3 Property, Plant and Equipment

Property, Plant and Equipment is initially recognised at cost. Cost 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

Property, Plant and Equipment is carried at cost less any accumulated depreciation and any impairment losses. Depreciation is provided to write down the cost, less estimated residual value over the useful life of the Property, Plant and Equipment. Depreciation is provided as follows:

Land and Buildings	- 2% per annum on the straight line method
Furniture and Equipment	- 25% per annum on the diminishing balance method
Motor Vehicles	- 20% per annum on the diminishing balance method

ACCOUNTING POLICIES (continued)

1.4 Financial Assets and Liabilities

Basic financial assets and liabilities, namely long-term loans, cash, demand and fixed term deposits, trade receivables and payables are recognized initially at fair value plus direct transaction costs. At subsequent reporting dates they are amortized using the effective interest rate method, less any impairment recognized for irrecoverable amounts reflect.

Investments in shares, derivatives and instruments with highly variable or uncertain cashflow are initially and subsequently measured at fair value, and changes in fair value are recognised in profit or loss. There is an exception for equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably. These instruments shall be measured at cost less impairment.

1.5 Trade and Other Receivables

Trade and Other Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Most sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised

cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

1.6 Cash and Cash Equivalents

Cash and Cash Equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are measured at fair value.

	2017 R	2016 R
2 PROPERTY, PLANT AND EQUIPMENT		
Land and Buildings		
Plot 1754 and Buildings, Jasmyn Street, Malmesbury	2,378,781.10	2,415,552.01
Cost - 2004	198,809.48	198,809.48
Improvements - 2005	123,573.57	123,573.57
Improvements - 2006	4,600.00	4,600.00
Improvements - 2007	1,013,914.88	1,013,914.88
Improvements - 2008	7,335.00	7,335.00
Improvements - 2010	39,343.00	39,343.00
Improvements - 2011	71,806.41	71,806.41
Improvements - 2012	1,716,234.67	1,716,234.67
Improvements - 2015	53,594.87	53,594.87
Improvements - 2017	28,000.00	0.00
Accumulated Depreciation	(878,430.78)	(813,659.87)
Furniture and Equipment		
Carrying Amount at beginning of the year	86,405.80	95,945.99
Cost	290,137.98	271,889.98
Accumulated Depreciation	(203,732.18)	(175,943.99)
Additions	10,010.00	18,248.00
Scrappings	(6,269.44)	0.00
Cost	(34,801.62)	0.00
Accumulated Depreciation	28,532.18	0.00
Depreciation	(22,124.00)	(27,788.19)
Carrying Amount at end of the year	68,022.36	86,405.80
Cost	265,346.36	290,137.98
Accumulated Depreciation	(197,324.00)	(203,732.18)
Motor Vehicles		
Carrying Amount at beginning of the year	99,385.34	124,231.68
Cost	396,000.00	396,000.00
Accumulated Depreciation	(296,614.66)	(271,768.32)
Depreciation	(19,877.07)	(24,846.34)
Carrying Amount at end of the year	79,508.27	99,385.34
Cost	396,000.00	396,000.00
Accumulated Depreciation	(316,491.73)	(296,614.66)
Total Property, Plant and Equipment	2,526,311.73	2,601,343.15

NOTES TO THE ANNUAL FINANCIAL STATEMENTS AT 31 MARCH 2017 (continued)

		2017 R	2016 R
3	**CASH AND CASH EQUIVALENTS**		
	Nedbank	957,595.93	970,727.88
	Investment Account	720,992.89	681,576.98
	Cheque Account	236,603.04	289,150.90
	Cash on Hand	207.30	43.75
		957,803.23	970,771.63
4	**TRADE AND OTHER PAYABLES**		
	Trade Payables	118,150.35	21,842.15
5	**DEPRECIATION**		
	Land and Buildings	64,770.91	64,584.24
	Furniture and Equipment	22,124.00	27,788.19
	Motor Vehicles	19,877.07	24,846.34
		106,771.98	117,218.77

6 TAXATION

No provision is made for taxation, as the company is exempt from paying tax in terms of section 10 of the Income Tax Act.

ELKANA CHILDCARE (NPC)

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ANNUAL FINANCIAL STATEMENTS AT 31 MARCH 2017

The following schedule does not form part of the annual financial statements but is drawn up for management purposes only.

ELKANA CHILDCARE (NPC)

Registration Number: 2003/006176/08

NPO number: 036-188-NPO

DETAILED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 R	2016 R
INCOME			
FUNDING, DONATIONS AND GRANTS			
DEPARTMENT OF SOCIAL DEVELOPMENT		1,265,353.00	1,175,103.00
Residential Funding		1,009,153.00	1,006,143.00
Afterschool Care Funding		211,200.00	168,960.00
Furniture Donation		45,000.00	0.00
Kinderfonds MAMAS		607,268.52	605,700.00
Funding		600,000.00	605,700.00
Reimbursement of Travelling Costs		7,268.52	0.00
OTHER FUNDERS		419,362.00	449,323.29
Beansa Trust		10,000.00	0.00
Care4More (MAMAS)		59,362.00	0.00
Friends of Zelda House (Ireland)		250,000.00	150,000.00
Murray & Roberts		30,000.00	0.00
National Lottery		0.00	259,323.29
Stichting The Order of St. Lazarus (Netherlands)		25,000.00	40,000.00
Swartland Municipality		45,000.00	0.00
DONATIONS		18,976.73	24,845.93
TOTAL FUNDING INCOME		2,310,960.25	2,254,972.22
OTHER INCOME			
FUNDRAISING ACTIVITIES			
Second Hand Sales		2,484.90	2,271.90
INTEREST RECEIVED			
Nedbank		47,600.52	43,394.13
INSURANCE CLAIM RECEIVED			
Property, Plant and Equipment		0.00	5,500.00
TOTAL INCOME		2,361,045.67	2,306,138.25
Less: EXPENSES		2,545,353.69	2,152,922.50
Administration Expenses		23,947.30	23,231.33
Advertisements		918.63	2,003.25
After School Care and Residential Care Programs		49,376.44	40,388.70
Annual Return on Companies - CIPC		900.00	0.00
Auditor's Remuneration - For Audit Fees		13,680.00	10,260.00
Bank Charges		5,871.01	4,808.46
Children's Recreational/Educational Programs		10,181.19	10,536.34
Clothing		39,595.87	18,821.51
Compensation Commissioner		27,319.47	363.70
Depreciation	5	106,771.98	117,218.77
Electricity and Water		86,397.66	86,752.01
Entertainment Expenses		3,881.59	0.00
Fines and Penalties		1,813.14	361.76
Food and Kitchen Requirements		203,886.20	151,962.94
Gardening Expenses		4,924.73	25,546.65
Accounting Fees		5,808.30	855.00
Insurance		38,295.52	34,417.40
Interest Paid		154.46	68.32
Licenses		1,796.50	3,274.90
Maintenance - Computer		10,254.18	10,445.95
Maintenance - Land and Buildings		10,888.70	31,099.41
Marketing and Fundraising Costs		7,375.80	1,791.08
Medical and Health Care		8,116.48	17,476.74
Motor Vehicle Expenses		50,994.76	59,828.37
Municipal Fees		17,648.48	14,003.67
Non Staff Training		0.00	14,000.00
Personnel Expenses		1,518,812.00	1,317,775.32
Poison and Pest Control		60.00	176.83
Printing and Stationery		31,236.69	13,763.24
Repairs and Maintenance - General		19,334.72	13,718.10
Scrapping of Property, Plant and Equipment		6,269.44	0.00
Security		12,915.00	11,697.00
Small Tools and Furniture		45,073.70	8,751.99
Staff Appreciation		1,683.50	1,128.59
Staff Training		66,607.00	24,818.30
Steel Band Project		27,972.39	27,075.00
Subscriptions		1,550.24	1,600.00
Telephone and Postage		40,868.30	39,382.37
Therapy		19,060.00	12,800.00
Travelling and Accommodation Expenses		23,112.32	719.50
NET SURPLUS/(SHORTAGE) for the year		(184,308.02)	153,215.75