KZN- Emmaus
Annual Financial Statements
for the year ended 30 June 2016

CBO Accounting & Tax
Professional Accountants (SA)
Published 28 September 2016

General Information

Country of incorporation and domicile	South Africa
Type of trust	Christian Leadership Development Program
Trustees	C Otten (Chairperson) B. Laister (Treasurer)
Business address	4 Thorndale 19 Welland Drive Peacehaven Pietermaritzburg 3201
Bankers	First National Bank
Compilers	CBO Accounting & Tax Professional Accountants (SA)
Preparer	The annual financial statements were independently compiled by: Bevan Carr Professional Accountant (SA)

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

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Practitioners' Compilation Report

To KZN- Emmaus

We have performed the duties of Accounting Officer to KZN - EMMAUS as required by the board of Fiduciaries.

On the basis of information provided by the trustees we have compiled, in accordance with the statement of International Standard on Related Services applicable to compilation engagements, the statement of financial position of KZN- Emmaus at 30 June 2016 and statements of income and cash flows for the year then ended. The trustees are responsible for these annual financial statements.

In common with similar organisations, it is not feasible for the club to institue accounting controls over cash collections from donations prior to the initial entry of the collections in the accounting records.

We have determined that the annual financial statements are in agreement with the accounting records and have done so by adopting such procedures and conducting such enquiries in relation to books of accounting and records as in considered necessary in circumstances.

We have also reviewed the accounting policies which have been represented to us as having been applied in the preparation of the annual financial statements and we consider that they appropriate to the programme and in conformity with International Financial Reporting Standards for Small and Medium -sized Entities.

Bevan Carr
Professional Accountant (SA)

28 September 2016

Durban
464 Kingsway Road
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4126

Fiduciaries Responsibilities and Approval

The trustees are required 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 trust 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 compilers 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 judgments and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board of trustees 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 trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees 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 trustees have reviewed the trust's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

C Otten (Chairperson)	**B. Laister (Treasurer)**

Durban

28 September 2016

Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015
Assets			
Non-Current Assets			
Property, plant and equipment	2	2	1
Current Assets			
Inventories	3	36,756	26,681
Cash and cash equivalents	4	81,231	81,678
		117,987	**108,359**
Total Assets		**117,989**	**108,360**
Equity and Liabilities			
Equity			
Accumulated surplus		108,377	98,749
Liabilities			
Current Liabilities			
Trade and other payables	5	6,502	6,501
Provisions		3,110	3,110
		9,612	**9,611**
Total Equity and Liabilities		**117,989**	**108,360**

B

Statement of Comprehensive Income

Figures in Rand	Note(s)	2016	2015
Revenue			
Income		344,761	186,431
Cost of sales	7	**(297,318)**	**(139,850)**
Gross surplus		**47,443**	**46,581**
Operating expenses			
Accounting fees		(855)	-
Bank charges		(4,513)	(2,041)
Depreciation, amortisation and impairments		(4,299)	(3,499)
Donations		(11,711)	-
Gathering expenses		(850)	(1,660)
AGM Expenses		(4,765)	(6,880)
General expenses		(833)	(18,301)
Gifts		-	(80)
Insurance		(850)	(1,365)
Repairs and maintenance		(2,485)	-
Travel - local		(6,654)	(4,218)
		(37,815)	**(38,044)**
Surplus for the year		**9,628**	**8,537**
Total comprehensive income for the year		**9,628**	**8,537**

Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 July 2014	**90,212**	**90,212**
Surplus for the year	8,537	8,537
Other comprehensive income	-	-
Total comprehensive income for the year	**8,537**	**8,537**
Balance at 01 July 2015	**98,749**	**98,749**
Surplus for the year	9,628	9,628
Other comprehensive income	-	-
Total comprehensive income for the year	**9,628**	**9,628**
Balance at 30 June 2016	**108,377**	**108,377**

Note(s)

Statement of Cash Flows

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Cash generated from operations	8	3,853	10,514
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(4,300)	(3,500)
Total cash movement for the year		**(447)**	**7,014**
Cash at the beginning of the year		81,678	74,664
Total cash at end of the year	4	**81,231**	**81,678**

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. 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 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Financial assets measured at cost and amortised cost

The trust assesses its financial assets measured at cost and amortised cost for impairment at each reporting date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the trust makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for financial assets measured at cost and amortised cost is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting period that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated selling price less costs to complete and sell. Where an impairment is necessary, inventory items are written down to selling price less costs to compete and sell. The write down is included in the cost of sales note.

1.2 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 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 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:

Accounting Policies

1.2 Property, plant and equipment (continued)

Item	Average useful life
Furniture and fixtures	1 year

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price. This includes transaction costs, except for financial instruments which are measured at fair value through surplus or deficit.

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.

1.4 Revenue

- the trust has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the trust retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the trust; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the trust;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Revenue is recognised when received.

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

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

2. Property, plant and equipment

	2016			2015		
	Cost	**Accumulated depreciation and impairments**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and impairments**	**Carrying value**
Furniture and fixtures	7,800	(7,798)	2	3,500	(3,499)	1

Reconciliation of property, plant and equipment - 2016

	Opening balance	**Additions**	**Depreciation**	**Total**
Furniture and fixtures	1	4,300	(4,299)	2

Reconciliation of property, plant and equipment - 2015

	Opening balance	**Additions**	**Depreciation**	**Total**
Furniture and fixtures	-	3,500	(3,499)	1

3. Inventories

Merchandise	36,756	26,681

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,708	2,708
Bank balances	78,523	78,970
	81,231	**81,678**

5. Trade and other payables

Accrued expense	6,502	6,501

6. Revenue

Income	344,761	186,431

7. Direct costs

Direct costs		
Marianhill Monastery	270,070	116,150
Supplies and sundries	14,798	-
Music and book fund costs	12,450	-
Alarga	-	23,700
	297,318	**139,850**

Notes to the Annual Financial Statements

Figures in Rand	2016	2015

8. Cash generated from operations

Surplus before taxation	9,628	8,537
Adjustments for:		
Depreciation and amortisation	4,299	3,499
Movements in provisions	-	1,820
Changes in working capital:		
Inventories	(10,075)	-
Trade and other receivables	-	1,580
Trade and other payables	1	(4,922)
	3,853	**10,514**

9. Income

Funding received/ generated		
Walk fees	295,239	158,388
Donations	9,551	16,072
T-Shirt and book sales	19,011	8,571
Other	20,960	-
	344,761	**183,031**