

WAUMBE YOUTH DEVELOPMENT NPC

(Registration Number 2015/166063/08)

Annual Financial Statements

for the year ended 29 February 2020

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General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Education and upliftment of Fisantekraal youth
DIRECTORS	DT Machikicho M Menze J Isaacs (Appointed 22 July 2019) K Zaaiman (Appointed 22 July 2019) L Pienaar (Appointed 22 July 2019) M Gray (Appointed 22 July 2019) AL Mahlatsi (Appointed 22 July 2019) MC Abdol (Resigned 22 July 2019)
REGISTERED OFFICE	14 Moses Mabhida Street Fisantekraal Durbanville 7550
BUSINESS ADDRESS	14 Moses Mabhida Street Fisantekraal Durbanville 7550
BANKERS	Standard Bank
Income Tax Registration Number	9104019220
PBO registration number	930056934
COMPILERS	Prosperis 59 Kanonnier Crescent Kanonberg Estate Bellville Cape Town 7530
COMPANY SECRETARY	K Zaaiman - Smuts & Co Attorneys

Report of the Compiler

To the Directors of Waumbe Youth Development NPC

We have compiled the accompanying annual financial statements of Waumbe Youth Development NPC based on information you have provided. These annual financial statements comprise the statement of financial position of Waumbe Youth Development NPC as at 29 February 2020, the statement of comprehensive income and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Our compilation report is intended solely for your use in your capacity as management of Waumbe Youth Development NPC, and should not be distributed to other parties.

Prosperis

29 July 2020

LD Pienaar
Professional Accountant (SA)

59 Kanonnier Crescent
Kanonberg Estate
Bellville
Cape Town
7530

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Directors' Responsibilities and Approval

The directors 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 satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the organisation, and explain the transactions and financial position of the business of the organisation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the organisation 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 organisations 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.

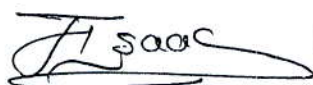
The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the directors have no reason to believe that the organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the organisation.

The professional accountants are responsible for reporting on the annual financial statements. The professional accountants' compilation report is presented on page 2.

The annual financial statements as set out on pages 6 to 12 were approved by the board of directors on 25 August 2020 and were signed on its behalf by:



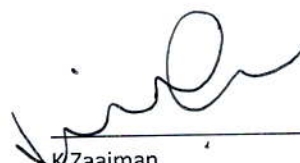
DT Machikicho



J Isaacs



M Menze



Zaaiman

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Directors' Report

The board of directors present their report for the year ended 29 February 2020.

1. Review of activities

Main business and operations

The principal activity of the organisation is education and upliftment of Fisantekraal youth and there were no major changes herein during the year.

The operating results and statement of financial position of the organisation are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

As stated in Note 10, COVID-19 affects Waumbe Youth Development and this may result in certain material uncertainties for the future financial position, performance and cashflows of Waumbe Youth development. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on Waumbe Youth development's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

We draw attention to Note 8 in the financial statements, which deals with subsequent events and specifically the possible effects of the future implications of COVID-19 on Waumbe Youth Development's future prospects, performance and cashflows. Management have also described how they plan to deal with these events and circumstances. Our opinion is not modified in respect of this matter.

4. Directors' interest in contracts

To our knowledge none of the directors had any interest in contracts entered into during the year under review.

5. Directors

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

DT Machikicho
M Menze
J Isaacs
K Zaaïman
L Pienaar
M Gray
AL Mahlatsi
MC Abdol

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Directors' Report

6. Social and ethics committee

In line with the requirements of the Companies Act of South Africa, Waumbe Youth Development NPC has appointed a social and ethics committee who have presented their report at the Annual General Meeting. The members of the committee are:

Name	Appointment date
DT Machikicho	Appointed 14 May 2015
M Menze	Appointed 14 May 2015

7. Secretary

The organisation's designated secretary is K Zaaiman - Smuts & Co Attorneys.

8. Compilers

Prosperis were the compilers for the year under review.

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Financial Statements for the year ended 29 February 2020

Statement of Financial Position

Figures in R	Notes	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	3	576,525	559,394
Current Assets			
Trade and other receivables	4	24,671	1,386
Cash and cash equivalents	5	39,184	2,062
		63,855	3,448
Total Assets		640,380	562,842
Reserves and Liabilities			
Reserves			
Retained earnings		573,267	384,182
Non-Current Liabilities			
Borrowings	7	67,111	160,660
Current Liabilities			
Trade and other payables		2	18,000
Total Reserves and Liabilities		640,380	562,842

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Detailed Income Statement

Figures in R	2020	2019
Gross Revenue		
Donations received	500,205	416,250
Rent received	152,348	25,000
Sundry income	14,117	7,706
	<u>666,670</u>	<u>448,956</u>
Other Income		
Investment income	1,368	-
	<u>1,368</u>	<u>-</u>
	<u>668,038</u>	<u>448,956</u>
Expenditure		
Accreditation fees	11,110	-
Advertising	6,325	3,250
Attorney fees	7,256	-
Bank charges	6,317	3,280
Catering	3,140	4,324
Computer expenses	4,680	19,049
Consulting fees	86,695	-
Delivery expenses	1,260	-
Depreciation - Tangible assets	5,869	2,419
Electricity and water	1,714	205
Event costs	-	590
Finance costs	7,177	16,621
Gifts	241	-
Insurance	5,184	-
Office expenses	6,243	1,236
Pillar 1 - Societal reform	114,830	-
Pillar 2 - Education etc	55,522	-
Pillar 4 -Learnerships	900	-
Printing and stationery	-	2,434
Refreshments	-	3,015
Registration fees	4,150	-
Repairs and maintenance	30,674	1,758
Safety equipment	13,071	-
Salaries	56,917	7,500
Security	7,513	6,215
Staff welfare	-	410
Subscriptions	3,000	-
Telephone and fax	23,107	60
Training	9,881	-
Transport	4,569	5,583
Travel - local	-	9,200
	<u>477,345</u>	<u>87,149</u>
Surplus for the year	<u>190,693</u>	<u>361,807</u>

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Statement of Cash Flows

Figures in R	Note	2020	2019
Cash flows from operating activities			
Surplus for the year		190,693	361,807
<i>Adjustments for:</i>			
Finance costs		7,177	16,621
Depreciation of tangible assets		5,869	2,419
Investment income		(1,368)	-
Operating cash flow before working capital changes		202,371	380,847
<i>Working capital changes</i>			
Increase in trade and other receivables		(23,285)	(1,386)
(Decrease) / increase in trade and other payables		(17,998)	18,000
Net cash flows from operations		161,088	397,461
Investment income		1,368	-
Finance costs		(7,177)	(16,621)
Net cash flows from operating activities		155,279	380,840
Cash flows used in investing activities			
Property, plant and equipment acquired	3	(23,000)	(553,626)
Other investments		-	156,433
Net cash flows used in investing activities		(23,000)	(397,193)
Cash flows (used in) / from financing activities			
Loans (repaid) / raised		(93,549)	17,490
Prior year adjustments		(1,607)	-
Other		(1)	1
Net cash flows (used in) / from financing activities		(95,157)	17,491
Net increase in cash and cash equivalents		37,122	1,138
Cash and cash equivalents at beginning of the year		2,062	924
Cash and cash equivalents at end of the year	5	39,184	2,062

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Accounting Policies

1. General information

Waumbe Youth Development NPC is a non-profit organisation.

2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 Revenue recognition

Revenue comprises of donations received. Donations are recognised upon receipt thereof.

The organisation recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the organisation's activities, as described below:

2.1.1 Rental income

Rental income from investment property that is leased to a third party under an operating lease is recognised in the statement of comprehensive income on a straight-line basis over the lease term and is included in 'other income'.

2.2 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits will flow to the enterprise, and the cost of the investment property can be reliably measured. Investment property is property held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services, for administrative purposes, or for sale in the ordinary course of business.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

After initial recognition, investment property whose fair value can be measured reliably without undue cost or effort shall be measured at fair value at each reporting period with changes in fair value recognised in profit or loss. If the fair value cannot be determined without undue cost and effort, the investment property is classified to property, plant and equipment.

2.3 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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Accounting Policies

Summary of significant accounting policies continued...

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 charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

Furniture and fittings	20.00%
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2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

2.5 Borrowings

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest rate method and is included in finance costs.

Borrowings are classified as current liabilities unless the organisation has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.6 Borrowing costs

Borrowing costs are recognised on the basis of the effective interest rate method and is included in finance costs.

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Financial Statements for the year ended 29 February 2020

Notes to the Annual Financial Statements

Figures in R	2020	2019
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3. Property, plant and equipment

	Cost	Accumulated depreciation	2020 Carrying value	Cost	Accumulated depreciation	2019 Carrying value
<i>Owned assets</i>						
Land and buildings	553,626	-	553,626	553,626	-	553,626
Furniture and fittings	35,118	12,219	22,899	12,118	6,350	5,768
	588,744	12,219	576,525	565,744	6,350	559,394

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2020 Carrying value at end of year
<i>Owned assets</i>					
Land and buildings	553,626	-	-	-	553,626
Furniture and fittings	5,768	23,000	-	(5,869)	22,899
	559,394	23,000	-	(5,869)	576,525

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2019 Carrying value at end of year
<i>Owned assets</i>					
Land and buildings	-	553,626	-	-	553,626
Furniture and fittings	8,187	-	-	(2,419)	5,768
	8,187	553,626	-	(2,419)	559,394

Land and buildings # 1

Erf 893 Fisantekraal

-Acquired on 10 December 2018

-Costs of improvements

220,000	220,000
333,626	333,626
553,626	553,626

4. Trade and other receivables

Trade debtors	24,671	1,386
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5. Cash and cash equivalents

Favourable cash balances

Cash on hand	774	-
Current account	38,309	2,062
Call Account	101	-
	39,184	2,062

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Notes to the Annual Financial Statements

Figures in R	2020	2019
6. Other components of equity		
Prior year adjustment	1,607	-
7. Borrowings		
Unsecured		
Loans from directors	-	9,715
Other long term liability	67,111	150,945
	<u>67,111</u>	<u>160,660</u>
The above loans are unsecured, interest bearing and the conditions of repayment are at the discretion of the directors, subject to the availability of funds.	-	-
	<u>67,111</u>	<u>160,660</u>

8. Event after the balance sheet date

On 26 March 2020 South Africa was placed under lock down due to the outbreak of the COVID-19 virus. Waumbe Youth Development is financially not prepared for the 2021 financial year as their budget was based on historical figures and did not cater for a natural disaster. Provision has been made for remote learning to continue activities.

9. Taxation

The company is registered as a Public Benefit Organization and is thus exempt from South African normal taxation, in accordance with the provisions of Section 10(1)(CN) of the Income Tax Act

10. Going Concern

Although a drop in donations and income are expected due to donors retracting their committed donations. The members believe that the organisation will be a going concern in the year ahead. For this reason, we continue to adopt the going concern basis in preparing the annual financial statements.

11. Approval of annual financial statements

These financial statements were approved by the board of directors and authorised for issue on 25 August 2020.