

**MASINYUSANE DEVELOPMENT ORGANISATION**  
**(Registration Number 074-244-NPO)**

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2019

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**MASINYUSANE DEVELOPMENT ORGANISATION**  
**( Registration Number 074-244-NPO)**

**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2019

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The attached financial statements for the year ended 31 March 2019 set out on pages 5 to 9 were signed on 3 September 2019 on behalf of the Masinyusane Development Organisation by:

  
.....  
Executive Member



Masinyusane  
Development  
Organisation  
SA NPO 074-244



## *Independent auditor's report*

To the Executive Members of Masinyusane Development Organisation

### *Our qualified opinion*

In our opinion, except for the possible effects of the matter described in the "*Basis for qualified opinion*", the financial statements in South African Rands of Masinyusane Development Organisation (the Organisation) for the year ended 31 March 2019 are prepared, in all material respects, in accordance with the basis of accounting described in note 1.1 to the financial statements.

### **What we have audited**

Masinyusane Development Organisation's financial statements set out on pages 5 to 8 comprise:

- the statement of financial position as at 31 March 2019;
- the statement of comprehensive income for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### *Basis for qualified opinion*

Donations are a substantial source of revenue for Masinyusane Development Organisation. The executive members have determined that it is impracticable to establish internal controls over the collection of donations prior to the initial entry into its financial records. We were therefore unable to confirm whether all donations were recorded. Our audit report in respect of the preceding financial year was similarly modified.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Independence**

We are independent of the Organisation in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

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Chief Executive Officer: L S Machaba  
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection  
Reg no 1998/012055/21. VAT reg.no 4950174682.



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*Emphasis of Matter – Basis of Accounting*

We draw attention to note 1.1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the organisation's own accounting policies to satisfy the financial information needs of the organisation's executive members. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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*Other information*

The executive members are responsible for the other information. The other information comprises the information included in the documents titled "Masinyusane Development Organisation Annual financial statements for the year ended 31 March 2019" and "Masinyusane Development Organisation Additional Financial Statements denominated in US dollars for the year ended 31 March 2019". The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in our Basis of Qualified Opinion section above, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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*Responsibilities of the executive members for the financial statements*

The executive members are responsible for the preparation of the financial statements in accordance with the basis of accounting described in note 1.1 to the financial statements, for determining that the basis of preparation is acceptable in the circumstances and for such internal control as the executive members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the executive members are responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the executive members either intend to liquidate the Organisation or to cease operations, or have no realistic alternative but to do so.

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*Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive members.
- Conclude on the appropriateness of the executive members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.

We communicate with the executive members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink, appearing to read 'A. Puggia', written in a cursive style.

**PricewaterhouseCoopers Inc.**

**Director: A Puggia**

**Registered Auditor**

**Port Elizabeth**

**3 September 2019**

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**MASINYUSANE DEVELOPMENT ORGANISATION**  
( Registration Number 074-244-NPO)

**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2019

ASSETS	Note	March 2019 R	March 2018 R
<b>Non-current assets</b>			
Property, plant and equipment	4	4 980 587	1 950 333
<b>Current assets</b>			
Cash at bank		3 212 520	2 592 444
Prepaid expense		7 500	7 500
Reimbursement Floats		24 000	
<b>Total assets</b>		<u>8 224 607</u>	<u>4 550 277</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Accumulated funds</b>			
Retained surplus	3	3 703 266	3 084 175
<b>Non-current liabilities</b>			
Loan	2	2 750 000	-
<b>Current liabilities</b>			
Loan	2	1 771 341	1 466 102
Accruals	5	500 000	-
Deferred income	6	18 143	22 802
		1 253 198	1 443 300
<b>Total liabilities</b>		<u>4 521 341</u>	<u>1 466 102</u>
<b>Total equity and liabilities</b>		<u>8 224 607</u>	<u>4 550 277</u>

MASINYUSANE DEVELOPMENT ORGANISATION  
(Registration Number 074-244-NPO)

STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 31 March 2019

	March 2019 R	March 2018 R
<b>Revenue</b>		
Donations received	5 011 458	3 432 554
Interest received	241 444	41 511
	<u>5 252 902</u>	<u>3 474 065</u>
<b>Expenditure</b>	(4 633 811)	(2 651 397)
School Partnership	(1 807 688)	( 881 661)
Top Learner	(2 382 257)	(1 571 954)
Fundraising	( 104 750)	( 106 738)
Operations and management	( 339 116)	( 91 044)
<b>Total surplus for the year</b>	<u>619 091</u>	<u>822 668</u>

**MASINYUSANE DEVELOPMENT ORGANISATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2019

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation**

The financial statements have been prepared on the historical cost basis and incorporate the principle accounting policies set out below. These accounting policies are consistent with the previous year.

**1.2 Income**

Donation income without future performance conditions is recognised when received and banked. If there are performance conditions, the donation income is recorded as deferred income and is recognised only when the conditions are met.

**1.3 Cash balances**

Cash balances represent the reconciled balances at the end of the year.

**1.4 Property, plant and equipment**

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment items of less than R10 000 are fully expensed to the statement of comprehensive income in the year of purchase.

Depreciation on assets are provided using the straight-line method to write down the cost over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Buildings	20
Motor vehicles	5

**1.5 Expenses**

Expenses are recorded on an accrual basis.

**2. LOAN**

A loan of R3.25million was received from A.M. Naegelge and G. Naegelge on 05 August 2018 in order to fund the acquisition of the property, 52 Rubin Crescent.

The terms of the loan are as follows:

Interest rate	0%
Repayment Terms	The payment terms in terms of the loan agreement are not explicit and the organisation has been granted flexibility in this regard. The Organisation's intended instalments are as follows: R500,000 annually with a balloon payment at the end of the loan agreement. The first payment is to be made in August 2019.

The property at 52 Rubin Crescent is pledged as security for the loan.

	March 2019 R	March 2018 R
<b>Non-current liabilities</b>		
At amortised cost	2 750 000	-
<b>Current liabilities</b>		
At amortised cost	500 000	-
	<u>3 250 000</u>	<u>-</u>
Interest for the year	-	17 875



**MASINYUSANE DEVELOPMENT ORGANISATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 March 2019

	March 2019 R	March 2018 R
<b>3. RETAINED SURPLUS</b>		
Balance at the beginning of the year	3 084 175	2 261 507
Total surplus for the year	619 091	822 668
Balance at the end of the year	3 703 266	3 084 175

**4. PROPERTY, PLANT AND EQUIPMENT**

	2019	Cost R	Accumulated Depreciation R	Book value R
Buildings		5 258 907	( 433 144)	4 825 763
Motor vehicle		305 000	( 150 176)	154 824
		5 563 907	( 583 320)	4 980 587

Movement schedule	Opening balance R	Additions R	Depreciation R	Closing balance R
Buildings	1 846 833	3 150 000	( 171 070)	4 825 763
Motor vehicles	103 500	75 000	( 23 676)	154 824
	1 950 333	3 225 000	( 194 746)	4 980 587

	2018	Cost R	Accumulated Depreciation R	Book value R
Building		2 108 907	( 262 074)	1 846 833
Motor vehicles		230 000	( 126 500)	103 500
		2 338 907	( 388 574)	1 950 333

Movement schedule	Opening balance R	Additions R	Depreciation R	Closing balance R
Building	1 952 279	-	( 105 446)	1 846 833
Motor vehicles	149 500	-	( 46 000)	103 500
	2 101 779	-	( 151 446)	1 950 333

The property, 52 Ruben Crescent, is pledged as security in terms of the loan described in note 2.

**5. ACCRUALS**

Accruals can be split as follows:

Telkom	15 259	5 314
Rental accrual	-	-
Bursary accrual	2 226	16 640
Other	658	848
	18 143	22 802

**6. DEFERRED INCOME**

Donations	1 253 198	1 443 300
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**MASINYUSANE DEVELOPMENT ORGANISATION**  
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**DETAILED INCOME STATEMENT**  
for the year ended 31 March 2019

	March 2019 R	March 2018 R
<b>Revenue</b>		
Donations received	5 011 458	3 432 554
National Lottery Distribution Trust Fund Grant	-	518 400
South African Individuals	84 852	16 670
South African Corporations	3 393 212	89 443
South African Foundations	51 777	760 420
United States Individuals	-	766 401
Europe Foundations	-	111 220
Europe Individuals	1 481 617	1 170 000
Interest received	241,444	41,511
	<u>5,252,902</u>	<u>3,474,065</u>
<b>Expenditure</b>		
<b>School partnerships</b>	(4 633 811)	(2 651 397)
Children's education	(1 370 309)	( 754 571)
Cultural and sports clubs	( 60 975)	( 59 811)
School renovations	( 303 262)	( 46 425)
Nutrition and welfare	( 73 142)	( 20 855)
<b>Top Learner</b>		
Masinyusane House	( 809 779)	( 415 867)
Kouga Wind Farm	( 447 041)	
University student support	( 908 445)	( 956 353)
High school student support	( 216 992)	( 199 735)
<b>Fundraising</b>		
Operations	( 93 237)	( 96 789)
Travel	( 11 513)	( 9 948)
<b>Operations and management</b>		
Office expenses	( 171 266)	( 43 761)
Audit and banking fees	( 39 689)	( 19 616)
Staff costs	( 45 309)	( 16 677)
Other	( 82 852)	( 10 990)
<b>Total surplus for the year</b>	<u>619 091</u>	<u>822 668</u>