

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

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

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

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

Contents

	Page
Report of Independent Auditor	2 - 4
Statement of Financial Position	5
Statement of Comprehensive Income	6
Notes to the Financial Statements	7 - 8
Detailed Income Statement	9

The attached financial statements for the year ended 31 March 2018 set out on pages 5 to 9 were signed on 15 August 2018 on behalf of the Masinyusane Development Organisation by:


.....
DIRECTOR



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*” section of our report, the financial statements in South African Rands of Masinyusane Development Organisation (the “Organisation”) for the year ended 31 March 2018 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 2018;
- 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 *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

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 members. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers Inc., Ascot Office Park, 1 Ascot Road, Greenacres, Port Elizabeth, 6045
P O Box 27013, Greenacres, 6057
T: +27 (0) 41 391 4400, F: +27 (0) 41 391 4500, www.pwc.co.za

Chief Executive Officer: T D Shango
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk
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.



Other information

The executive members are responsible for the other information. The other information comprises the Detailed Income Statement. 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. We have nothing to report in this regard. As described in the Basis of Qualified Opinion section above, we are unable to obtain sufficient appropriate evidence about the completeness of donations recorded. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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.

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 'Andrea Puggia', with a large, stylized number '2' written to the right of the name.

PricewaterhouseCoopers Inc.

Director: Andrea Puggia

Registered Auditor

Port Elizabeth

15 August 2018

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

STATEMENT OF FINANCIAL POSITION
as at 31 March 2018

	Note	March 2018 R	March 2017 R
ASSETS			
Non-current assets			
Property, plant and equipment	4	1 950 333	2 101 779
Current assets			
Cash at bank		2 592 444	989 228
Prepaid expense		7 500	-
Total assets		<u>4 550 277</u>	<u>3 091 007</u>
EQUITY AND LIABILITIES			
Accumulated funds			
Retained surplus	3	3 084 174	2 261 507
Non-current liabilities			
Loan	2	-	493 342
Current liabilities			
Loan	2	1 466 102	336 158
Accruals	5	-	231 658
Deferred income	6	22 802	104 500
		1 443 300	-
Total liabilities		<u>1 466 102</u>	<u>829 500</u>
Total equity and liabilities		<u>4 550 276</u>	<u>3 091 007</u>

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

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2018

	March 2018	March 2017
	R	R
Revenue		
Donations received	3 432 554	2 786 329
Interest received	41 511	-
	3 474 065	2 786 329
Expenditure	(2 651 398)	(2 423 543)
School Partnership	(881 662)	(723 182)
Top Learner	(1 571 953)	(1 447 385)
Fundraising	(106 739)	(148 827)
Operations and management	(91 044)	(104 149)
Total surplus for the year	822 667	362 786

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

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 are recognised when received and banked. If there are performance conditions, the donation income 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
Building	20
Motor vehicles	5

1.5 Expenses

Expenses are recorded on an accrual basis.

2. LOAN

This loan was received from an anonymous donor on 1 October 2015 in order to fund the acquisition of the house.

The terms of the loan are as follows:

Interest rate	Prime+0.5%
Repayment Terms	R25 000 per month (2017: R25 000)
	Interest to be paid on the 25th of each month

The house at 68 Ruben Crescent is held as security over the loan.

	March 2018 R	March 2017 R
Non-current liabilities		
At amortised cost	-	493 342
Current liabilities		
At amortised cost	-	231 658
	<u>-</u>	<u>725 000</u>
Interest for the year	17 875	100 416

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2018

3. RETAINED SURPLUS	March 2018 R	March 2017 R
Balance at the beginning of the year	2 261 507	1 898 721
Total surplus for the year	822 667	362 786
Balance at the end of the year	3 084 174	2 261 507

4. PROPERTY, PLANT AND EQUIPMENT

2018	Cost R	Accumulated Depreciation R	Book value R
Building	2 108 907	(262 074)	1 846 833
Motor vehicle	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 vehicle	149 500	-	(46 000)	103 500
	2 101 779	-	(151 446)	1 950 333

2017	Cost R	Accumulated Depreciation R	Book value R
Building	2 108 907	(156 628)	1 952 279
Motor vehicle	230 000	(80 500)	149 500
	2 338 907	(237 128)	2 101 779

Movement schedule	Opening balance R	Additions R	Depreciation R	Closing balance R
Building	2 057 723	-	(105 444)	1 952 279
Motor vehicle	195 500	-	(46 000)	149 500
	2 253 223	-	(151 444)	2 101 779

The building is secured in terms of the loan described in note 2.

5. ACCRUALS

Accruals can be split as follows:

Telkom	5 314	3 835
Rental accrual	-	6 000
Bursary accrual	16 640	82 811
Other	848	11 854
	22 802	104 500

5. DEFERRED INCOME

Donations	1 443 300	-
-----------	-----------	---

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

DETAILED INCOME STATEMENT
for the year ended 31 March 2018

	March 2018	March 2017
	R	R
Revenue		
Donations received	3 432 554	2 786 329
National Lottery Distribution Trust Fund Grant	518 400	-
South African Individuals	16 670	22 884
South African Corporations	89 443	140 341
South African Foundations	760 420	726 441
United States Individuals	766 401	978 226
Europe Foundations	111 220	386 547
Europe Individuals	1 170 000	531 890
Interest received	41,511	-
	<u>3,474,065</u>	<u>2,786,329</u>
Expenditure		
	(2 651 398)	(2 423 543)
School partnerships		
Children's education	(754 572)	(608 824)
Cultural and sports clubs	(59 811)	(63 490)
School renovations	(46 425)	(40 919)
Nutrition and welfare	(20 855)	(9 949)
Top Learner		
Masinyusane House	(415 867)	(438 928)
University student support	(956 353)	(895 376)
High school student support	(199 735)	(113 081)
Fundraising		
Operations	(96 789)	(116 086)
Travel	(9 948)	(32 741)
Operations and management		
Office expenses	(43 761)	(69 805)
Audit and banking fees	(19 616)	(11 268)
Staff costs	(16 677)	(12 275)
Other	(10 990)	(10 801)
Total surplus for the year	<u>822 667</u>	<u>362 786</u>