

**SIKHULA SONKE EARLY CHILDHOOD DEVELOPMENT NPC
NON PROFIT COMPANY
(REGISTRATION NUMBER 2003/010956/08)**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016**

Sikhula Sonke Early Childhood Development NPC

(Registration number 2003/010956/08)

Annual Financial Statements for the year ended 29 February 2016

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Community-based organisation addressing the need for early childhood development and training in Khayelitsha since 2001
Directors	Evan Torrance Mdebuka Mthwazi Sindiswa Dapula Jennifer Klein
Registered office	35 - 903 Cephe Crescent Harare Square Khayelitsha 7784
Business address	35 - 903 Cephe Crescent Harare Square Khayelitsha 7784
Postal address	P.O. Box 23122 Claremont 7735
Bankers	ABSA Bank Limited
Auditor's	BDV Platinum Chartered Accountants (S.A.) Registered Auditors
Secretary	J.M. Glanville
Company registration number	2003/010956/08
Tax reference number	9740630141
NPO number	030-217
PBO number	930 004 377

Sikhula Sonke Early Childhood Development NPC

(Registration number 2003/010956/08)

Annual Financial Statements for the year ended 29 February 2016

Index

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

Index	Page
Directors' Responsibilities and Approval	3
Independent Auditor's Report	4
Directors' Report	5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Equity	8
Statement of Cash Flows	9
Accounting Policies	10 - 11
Notes to the Annual Financial Statements	12 - 14

The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Income Statement	15
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Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Sikhula Sonke Early Childhood Development NPC

(Registration number 2003/010956/08)

Annual Financial Statements for the year ended 29 February 2016

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, 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 company 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 auditor's is 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 judgements and estimates.

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

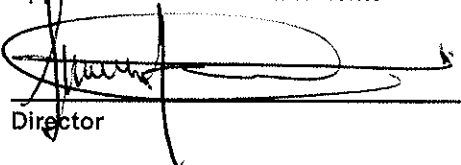
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 28 February 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor's are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor's and their report is presented on page 4.

The annual financial statements set out on pages 5 to 15, which have been prepared on the going concern basis, were approved by the board of directors and were signed on its behalf by:

Approval of financial statements



Director

Date: 30/09/2016

Khayelitsha

Independent Auditor's Report

To the directors of Sikhula Sonke Early Childhood Development

We have audited the annual financial statements of Sikhula Sonke Early Childhood Development NPC, as set out on pages 6 to 14, which comprise the statement of financial position as at 29 February 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual 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 company'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 annual financial statements.


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

Basis for Qualified Opinion

In common with similar organisations, it is not feasible for the entity to institute accounting controls over collections from cash donations prior to the initial entry of the collections in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts actually recorded.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of Sikhula Sonke Early Childhood Development NPC as at 29 February 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act 71 of 2008.



BDV Platinum
Director - Braam De Vries
Chartered Accountants (S.A.)
Registered Auditors

Date: 30/09/2016

Westlake

Sikhula Sonke Early Childhood Development NPC

(Registration number 2003/010956/08)

Annual Financial Statements for the year ended 29 February 2016

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Sikhula Sonke Early Childhood Development NPC for the year ended 29 February 2016.

1. Nature of business

Sikhula Sonke Early Childhood Development NPC was incorporated in South Africa and addresses the need for early childhood development in Khayelitsha.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Directors

The directors in office at the date of this report are as follows:

Directors

Evan Torrance

Mdebuka Mthwazi

Sindiswa Dapula

Jennifer Klein

Deborah Hancox - Resigned 29 February 2016

4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

6. Auditors

BDV Platinum will continue in office as auditors for the company for 2017.

7. Secretary

The company secretary is J.M. Glanville.

Postal address

131 Camp Ground Road
Newlands
7700

Business address

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7700

Sikhula Sonke Early Childhood Development NPC

(Registration number 2003/010956/08)

Annual Financial Statements for the year ended 29 February 2016

Statement of Financial Position as at 29 February 2016

	Note(s)	2016 R	2015 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	63,986	68,434
Current Assets			
Trade and other receivables	3	136,694	109,099
Cash and cash equivalents	4	1,601,746	1,314,682
		1,738,440	1,423,781
Total Assets		1,802,426	1,492,215
Equity and Liabilities			
Equity			
Retained income		769,581	748,671
Liabilities			
Current Liabilities			
Trade and other payables	5	1,032,845	743,544
Total Equity and Liabilities		1,802,426	1,492,215

Sikhula Sonke Early Childhood Development NPC

(Registration number 2003/010956/08)

Annual Financial Statements for the year ended 29 February 2016

Statement of Comprehensive Income

	Note(s)	2016 R	2015 R
Revenue		3,176,362	2,943,760
Operating expenses		(3,232,536)	(2,731,100)
Operating (loss) profit		(56,174)	212,660
Investment revenue		77,084	53,613
Profit for the year		20,910	266,273

Sikhula Sonke Early Childhood Development NPC

(Registration number 2003/010956/08)

Annual Financial Statements for the year ended 29 February 2016

Statement of Changes in Equity

	Retained income R	Total equity R
Balance at 01 March 2014	482,398	482,398
Profit for the year	266,273	266,273
Balance at 01 March 2015	748,671	748,671
Profit for the year	20,910	20,910
Balance at 29 February 2016	769,581	769,581

Sikhula Sonke Early Childhood Development NPC

(Registration number 2003/010956/08)

Annual Financial Statements for the year ended 29 February 2016

Statement of Cash Flows

	Note(s)	2016 R	2015 R
Cash flows from operating activities			
Cash generated from operations	7	228,986	71,341
Interest income		77,084	53,613
Net cash from operating activities		306,070	124,954
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(19,006)	(66,120)
Total cash movement for the year		287,064	58,834
Cash at the beginning of the year		1,314,682	1,255,848
Total cash at end of the year	4	1,601,746	1,314,682

Sikhula Sonke Early Childhood Development NPC

(Registration number 2003/010956/08)

Annual Financial Statements for the year ended 29 February 2016

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, and the Companies Act 71 of 2008. 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 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, or 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 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 as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Curriculum programme	Straight line	5 years

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are recognised in profit or loss.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of 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 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 there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Sikhula Sonke Early Childhood Development NPC

(Registration number 2003/010956/08)

Annual Financial Statements for the year ended 29 February 2016

Accounting Policies

1.2 Financial instruments (continued)

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, are measured at fair value through profit and loss.

1.3 Government grants

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.

1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Revenue comprises of funding, donations and training fees.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.5 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Sikhula Sonke Early Childhood Development NPC

(Registration number 2003/010956/08)

Annual Financial Statements for the year ended 29 February 2016

Notes to the Annual Financial Statements

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	9,885	(9,885)	-	9,885	(9,885)	-
Office equipment	71,264	(24,938)	46,326	66,120	(11,020)	55,100
IT equipment	107,467	(89,807)	17,660	93,605	(80,271)	13,334
Curriculum programme	26,000	(26,000)	-	26,000	(26,000)	-
Total	214,616	(150,630)	63,986	195,610	(127,176)	68,434

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Office equipment	55,100	5,144	(13,918)	46,326
IT equipment	13,334	13,862	(9,536)	17,660
	68,434	19,006	(23,454)	63,986

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Office equipment	-	66,120	(11,020)	55,100
IT equipment	22,896	-	(9,562)	13,334
	22,896	66,120	(20,582)	68,434

3. Trade and other receivables

Violence Prevention through Urban Upgrade claim	136,694	109,099
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4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	492	4,383
Bank balances	1,601,254	1,310,299
	1,601,746	1,314,682

5. Trade and other payables

Deferred income:

- Childwick Trust - Jim Joel Foundation	108,000	94,000
- Department of Social Development	50,317	55,000
- First National Bank Trust Fund	445,580	180,000
- Mapula Trust Account	269,838	-
- National Lottery Distribution Trust Fund	-	245,000
- Percy Fox Foundation	150,000	150,000
Accruals	4,196	9,772
Payroll accruals	4,914	9,772
	1,032,845	743,544

Sikhula Sonke Early Childhood Development NPC

(Registration number 2003/010956/08)

Annual Financial Statements for the year ended 29 February 2016

Notes to the Annual Financial Statements

	2016 R	2015 R
6. Taxation		
No provision has been made for taxation as the organisation is exempt from tax in terms of Section 30 and 10(1)(cN) of the Income Tax Act. The organisation's PBO number is 930 004 377.		
7. Cash generated from operations		
Profit before taxation	20,910	266,273
Adjustments for:		
Depreciation and amortisation	23,454	20,582
Interest received	(77,084)	(53,613)
Changes in working capital:		
Trade and other receivables	(27,595)	(109,099)
Trade and other payables	289,301	(52,802)
	228,986	71,341
8. Basic training and coaching		
Accounting and payroll	38,315	35,766
Office equipment	-	2,794
Program management	289,068	230,919
Program costs	27,580	15,746
Refreshment and nutrition	6,035	12,418
Staff development, training and welfare	3,077	693
Telephone and communication	2,873	2,796
Travel	30,129	2,977
	397,077	304,109
9. ECD conference		
Entertainer fee	-	800
Equipment hire	-	1,485
Hall hire	-	2,500
Printing stationery	-	3,872
Refreshments and nutrition	-	7,360
Telephone and communication	-	59
Toy kits	-	107,758
	-	123,834
10. Emthonjeni outreach		
Accounting and payroll	42,480	39,066
Entrance fees	400	2,050
Office equipment and toy kits	62,700	2,794
Program costs	30,885	24,816
Program management	734,591	546,749
Refreshments and nutrition	38,690	38,732
Staff development, training and welfare	3,077	1,893
Telephone and communication	6,875	4,255
Travel	18,349	11,932
	938,047	672,287

Sikhula Sonke Early Childhood Development NPC

(Registration number 2003/010956/08)

Annual Financial Statements for the year ended 29 February 2016

Notes to the Annual Financial Statements

	2016 R	2015 R
11. Family community motivator		
Accounting and payroll fees	38,315	35,766
Entrance fees	400	2,050
Office equipment and toy kits	88,700	118,965
Program management	1,118,742	885,283
Program costs	38,004	39,822
Refreshments and nutrition	36,895	19,443
Staff development	13,997	9,263
Telephone and communication	4,903	2,583
Travel	21,965	-
	1,361,921	1,113,175
12. Funda - udlale library services		
Accounting and payroll fees	38,315	35,766
Program management	245,197	180,658
Program costs	12,597	5,877
Refreshments and nutrition	896	-
Staff development, training and welfare	2,250	1,860
Telephone and communication	923	751
Travel	2,423	1,732
	302,601	226,644

Sikhula Sonke Early Childhood Development NPC

(Registration number 2003/010956/08)

Annual Financial Statements for the year ended 29 February 2016

Detailed Income Statement

	Note(s)	2016 R	2015 R
Revenue			
Donations		117,651	28,023
Funding received		3,026,861	2,873,717
Training fees		31,850	42,020
		3,176,362	2,943,760
Other income			
Interest received		77,084	53,613
Operating expenses			
AGM publications brochures		-	4,410
Accounting and payroll fees		194,689	173,908
Auditors remuneration		10,260	9,120
Bank charges		10,835	10,355
Cleaning materials		2,776	1,316
Computer expenses		6,117	10,516
Consulting fees		17,791	5,271
Depreciation		23,454	20,582
Donations and gifts		-	1,720
Electricity and gas		9,871	6,635
Entrance fees		800	4,100
Equipment hire		-	2,760
Food parcels		-	15,589
Fundraising and marketing costs		88,150	57,893
Graduation costs		-	4,627
Insurance		7,643	7,121
Membership fees		1,950	350
Office equipment		1,366	19,054
Petty cash shortfall		2,301	-
Postage		98	796
Printing and stationery		27,807	21,922
Refreshments		90,537	67,495
Rental office		21,365	28,153
Repairs and maintenance		8,436	7,374
SARS penalties and interest		-	588
Salaries and wages		2,360,418	1,946,550
Security		4,922	3,923
Small items less than R5000		-	699
Staff development, training and welfare		26,400	26,368
Strategic Planning		7,718	-
Telephone and fax		17,201	11,244
Toy kits		151,400	224,049
Travel costs		83,091	35,112
Volunteer Stipend		55,140	1,500
		3,232,536	2,731,100
Profit for the year		20,910	266,273