

Geektrooieerde Rekenmeester (SA)
Chartered Accountant (SA)

PROCHORUS COMMUNITY DEVELOPMENT NPC
(Registration number 2008/012209/08)

AUDITED FINANCIAL STATEMENTS
for the year ended 31 December 2018

PROCHORUS COMMUNITY DEVELOPMENT (NPC)
Audited Financial Statements for the year ended 31 December 2018

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Community development for poor and needy persons along with anti-poverty initiatives, which includes the provision of facilities for protection and care of children under school going age of poor and needy parents; The promotion of community based projects relating to self-help, empowerment, capacity building, skills development of anti-poverty; educational enrichment, academic support, supplementary tuition or outreach programs for the poor and needy; To redress the social imbalances in society and to meet the needs and concerns of the local community.
Directors	JA Aspeling LK Mulaudzi JP Scannell
Registered office	89 Swartbooi Street Kayamandi STELLENBOSCH 7602
Business address	Portion 8, Bergzicht Plaza C/o Andringa and Crozier Street STELLENBOSCH 7600
Postal address	PO Box 3374 MATIELAND 7602
Bankers	Nedbank
Auditors	Carina Odendaal Chartered Accountants (SA)
Company registration number	2008/012209/08
Level of assurance	These audited financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
NPO registration number	086-767

PROCHORUS COMMUNITY DEVELOPMENT (NPC)
Audited Financial Statements for the year ended 31 December 2018

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The reports and statements set out below comprise the audited financial statements presented to the shareholder:

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PROCHORUS COMMUNITY DEVELOPMENT (NPC)
Audited Financial Statements for the year ended 31 December 2018

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 audited financial statements and related financial information included in this report. It is their responsibility to ensure that the audited 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 auditors are engaged to express an independent opinion on the audited financial statements.

The audited 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 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.

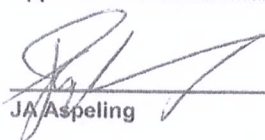
The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the audited financial statements. However, any system of internal financial 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 31 December 2019 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 auditors are responsible for independently auditing and reporting on the company's audited financial statements. The audited financial statements have been examined by the company's external auditors and their report is presented on page 5.

The audited financial statements set out on page 6-14, which have been prepared on the going concern basis, were approved by the directors on 18 September 2019 and were signed on its behalf by:

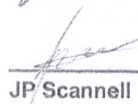
Approval of audited financial statements



JA Aspeling



LK Mulaudzi



JP Scannell

Somerset West
18 September 2019

PROCHORUS COMMUNITY DEVELOPMENT (NPC)
Audited Financial Statements for the year ended 31 December 2018

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the audited financial statements of Prochorus Community Development (NPC) for the year ended 31 December 2018.

1. Nature of business

Prochorus Community Development (NPC) was incorporated in South Africa with interests in the Non-profit industry. The company operates in South Africa.

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 audited 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 audited financial statements.

3. Share capital

Being a Non Profit Company, the company has no share capital.

4. Directors

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

Directors

JA Aspeling
LK Mulaudzi
JP Scannell

Nationality

South African
South African
South African

5. 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.

6. Auditors

Carina Odendaal continued in office as auditors for the company for 2019.

7. Secretary

The company had no secretary during the year .

Geoktrooieerde Rekenmeester (SA)
Chartered Accountant (SA)

Greenway Avenue 16 Greenway Rylaan
Somerset-Wes
Posbus / P.O. Box 5291
Helderberg
7135

**REPORT OF THE INDEPENDENT AUDITOR TO THE SHAREHOLDERS OF
PROCHORUS COMMUNITY DEVELOPMENT NPC REGISTRATION NUMBER 2008/012209708**

083 7033295
Fax: 086 6164152
email: carina.o@vodamail.co.za

We have audited the accompanying financial statements of Prochorus Community Development NPC, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in reserves and cash flow statement for the year ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

Opinion

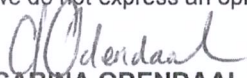
In our opinion, the financial statements present fairly, in all material respects, the financial position of Prochorus Community Development NPC as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Companies Act of South Africa.

Accounting and secretarial duties

We have, with the written consent of the shareholders, performed certain accounting and secretarial duties.

Supplementary information

The supplementary information, set out on page 15 and 16, does not form part of the annual financial statements and is presented as additional information. We have not audited the supplementary information and accordingly we do not express an opinion thereon.



CARINA ODENDAAL
Registered Auditor
Chartered Accountant (SA)

Somerset West
30 September 2019

PROCHORUS COMMUNITY DEVELOPMENT (NPC)
Audited Financial Statements for the year ended 31 December 2018
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

Figures in Rand	Note(s)	2018	2017
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	<u>266,323</u>	<u>343,915</u>
Current Assets			
Trade and other receivables	3	6,372	22,912
Loans to directors, managers and employees	4	16,200	3,000
Cash and cash equivalents	5	<u>704,293</u>	<u>631,712</u>
		<u>726,865</u>	<u>657,624</u>
Total Assets		<u>993,188</u>	<u>1,001,539</u>
RESERVES AND LIABILITIES			
RESERVES			
Accumulated surplus		<u>946,628</u>	<u>983,273</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	6	<u>46,560</u>	<u>18,266</u>
Total Reserves and Liabilities		<u>993,188</u>	<u>1,001,539</u>

PROCHORUS COMMUNITY DEVELOPMENT (NPC)
Audited Financial Statements for the year ended 31 December 2018

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2018	2017
Revenue	7	2,497,229	2,159,375
Other income		154,426	81,778
Operating expenses		(2,698,958)	(2,192,310)
Operating (deficit) /surplus	8	(47,303)	48,843
Investment revenue	9	10,780	10,854
Finance costs	10	(122)	(25)
(Deficit) /surplus for the year		(36,645)	59,672

PROCHORUS COMMUNITY DEVELOPMENT (NPC)
Audited Financial Statements for the year ended 31 December 2018

STATEMENT OF CHANGES IN RESERVES

Figures in Rand	Accumulated surplus	Total
Balance at 01 January 2017	923,601	923,601
Surplus for the year	59,672	59,672
Balance at 01 January 2018	983,273	983,273
(Deficit) for the year	(36,645)	(36,645)
Balance at 31 December 2018	946,628	946,628
Note(s)		

PROCHORUS COMMUNITY DEVELOPMENT (NPC)
Audited Financial Statements for the year ended 31 December 2018

STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Cash receipts from donors		2,497,229	2,159,375
Cash paid to suppliers, employees and projects		<u>(2,412,217)</u>	<u>(2,113,028)</u>
Cash generated from operations	12	85,012	46,347
Interest income		10,780	10,854
Finance costs		<u>(122)</u>	<u>(25)</u>
Net cash from operating activities		<u>95,670</u>	<u>57,176</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(16,700)	(90,315)
Sale of property, plant and equipment	2	<u>6,811</u>	<u>-</u>
Net cash from investing activities		<u>(9,889)</u>	<u>(90,315)</u>
Cash flows from financing activities			
Movement in loans to directors, managers and employees		<u>(13,200)</u>	<u>29,500</u>
Total cash movement for the year		72,581	(3,639)
Cash at the beginning of the year		<u>631,712</u>	<u>635,350</u>
Total cash at end of the year	5	<u>704,293</u>	<u>631,711</u>

PROCHORUS COMMUNITY DEVELOPMENT (NPC)
Audited Financial Statements for the year ended 31 December 2018

ACCOUNTING POLICIES

1. Basis of preparation and summary of significant accounting policies

The audited financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The audited 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 assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	10 years
Furniture and fixtures	Straight line	6-10 years
Office equipment	Straight line	3 years
IT equipment	Straight line	3 years
Other equipment	Straight line	5-6 year

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

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.

ACCOUNTING POLICIES (CONTINUED)

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 without undue cost or effort are measured at cost less impairment.

1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.4 Impairment of assets

The company assesses at each reporting date whether there is any indication that assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its 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.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.5 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.6 Revenue

Revenue from donations are recognised as and when cash receipts are received in the bank account of the company.

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

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

1.7 Borrowing costs

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

PROCHORUS COMMUNITY DEVELOPMENT (NPC)
Audited Financial Statements for the year ended 31 December 2018

NOTES TO THE AUDITED FINANCIAL STATEMENTS

Figures in Rand

2018

2017

2. Property, plant and equipment

	2018			2017		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Buildings	780,330	(597,466)	182,864	780,330	(526,389)	253,941
Furniture and fixtures	56,097	(37,230)	18,867	39,397	(35,387)	4,010
Office equipment	3,833	(3,832)	1	3,833	(3,832)	1
IT equipment	70,574	(70,569)	5	70,574	(70,569)	5
Other equipment	194,617	(130,031)	64,586	194,617	(108,659)	85,958
Total	1,105,451	(839,128)	266,323	1,088,751	(744,836)	343,915

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Closing balance
Buildings	253,941	-	(71,077)	182,864
Furniture and fixtures	4,010	16,700	(1,843)	18,867
Office equipment	1	-	-	1
IT equipment	5	-	-	5
Other equipment	85,958	-	(21,372)	64,586
	343,915	16,700	(94,292)	266,323

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Closing balance
Buildings	331,974	-	(78,033)	253,941
Furniture and fixtures	5,683	-	(1,673)	4,010
Office equipment	1,278	-	(1,277)	1
IT equipment	504	-	(499)	5
Other equipment	15,214	90,315	(19,571)	85,958
	354,653	90,315	(101,053)	343,915

3. Trade and other receivables

Prepayments	-	1,765
VAT receivable	6,372	21,147
	6,372	22,912

4. Loans to directors, managers and employees

Loans to directors, managers and employees		
At beginning of the year	3,000	32,500
Advances	22,500	10,000
Repayments	(9,300)	(39,500)
	16,200	3,000

PROCHORUS COMMUNITY DEVELOPMENT (NPC)
Audited Financial Statements for the year ended 31 December 2018

NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

Figures in Rand	2018	2017
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	3,611	-
Bank balances	504,906	446,717
Short-term deposits	195,776	184,995
	<u>704,293</u>	<u>631,712</u>
6. Trade and other payables		
Trade payables	3,372	4,791
Provision for PAYE and UIF	16,649	10,588
Accrued expense	26,539	2,887
	<u>46,560</u>	<u>18,266</u>
7. Revenue		
Donations received	<u>2,497,229</u>	<u>2,159,375</u>
8. Operating (deficit) /surplus		
Operating (deficit) /surplus for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	<u>15,900</u>	<u>25,850</u>
Gains on disposal of assets	6,811	-
Depreciation on property, plant and equipment	94,292	101,053
Employee costs	<u>1,542,170</u>	<u>1,465,074</u>
9. Investment revenue		
Interest revenue		
Bank	<u>10,780</u>	<u>10,854</u>
10. Finance costs		
Bank	<u>122</u>	<u>25</u>

PROCHORUS COMMUNITY DEVELOPMENT (NPC)
Audited Financial Statements for the year ended 31 December 2018
NOTES TO THE AUDITED FINANCIAL STATEMENTS (CONTINUED)

Figures in Rand	2018	2017
11. Taxation		
No provision has been made for 2018 tax as the company is exempt from taxation in terms of section 10 (1) (cN) of the Income Tax Act.		
12. Cash generated from operations		
(Deficit) /surplus before taxation	(36,645)	59,672
Adjustments for:		
Depreciation	94,292	101,053
Profit on sale of assets	(6,811)	-
Interest received	(10,780)	(10,854)
Finance costs	122	25
Changes in working capital:		
Trade and other receivables	16,535	(22,912)
Trade and other payables	28,299	(80,637)
	85,012	46,347

PROCHORUS COMMUNITY DEVELOPMENT (NPC)
Audited Financial Statements for the year ended 31 December 2018

DETAILED INCOME STATEMENT

Figures in Rand	Note(s)	2018	2017
Revenue			
Donations received		2,497,229	2,159,375
Other income			
Other income		147,615	81,778
Interest received	9	10,780	10,854
Gains on disposal of assets		6,811	-
		<u>165,206</u>	<u>92,632</u>
Expenses (Refer to page 16)			
Operating (deficit) /surplus	8	<u>(36,523)</u>	<u>59,697</u>
Finance costs	10	(122)	(25)
(Deficit) /surplus for the year		<u>(36,645)</u>	<u>59,672</u>

PROCHORUS COMMUNITY DEVELOPMENT (NPC)
Audited Financial Statements for the year ended 31 December 2018

DETAILED INCOME STATEMENT

Figures in Rand	Note(s)	2018	2017
Operating expenses			
Accounting fees		(49,589)	(45,340)
Advertising		(987)	(3,015)
Auditors remuneration		(12,850)	(13,642)
Bank charges		(4,745)	(7,644)
Catering expense		(10,554)	(2,486)
Cleaning		(50)	-
Computer expenses		(2,417)	(8,901)
Consulting and professional fees		(500)	(24,269)
Depreciation		(94,292)	(101,053)
Development cycling expenses		(53,709)	(35,028)
Donations		(12,303)	(154)
ECD Consumables		-	(234)
ECD Household, food and toiletries		(71,653)	(50,408)
ECD Lease rentals on operating lease		(15,900)	(25,850)
ECD Training cost		(310,000)	-
ECD Transport cost		(35,027)	(29,095)
Employee costs		(1,542,170)	(1,465,074)
Event expenses		(119,994)	(39,860)
Gifts		(5,967)	(2,016)
Hire		(19,565)	-
Insurance		(21,263)	(21,805)
Meeting expenses		(5,297)	(11,612)
Minor assets		(4,096)	(3,500)
Municipal expenses		(11,307)	(7,335)
Office expenses		(6,928)	(15,613)
Paradigm shift training		(5,057)	(39,767)
Penalties and Interest		-	(11,522)
Postage		(569)	(1,627)
Printing and stationery		(13,435)	(25,124)
Repairs and maintenance		(146,143)	(74,664)
Security		(13,810)	(15,081)
Staff welfare and training		(36,100)	(36,911)
Subscriptions		(12,617)	(20,588)
Support a child expenses		(33,820)	(25,673)
Telephone and fax		(11,482)	(16,810)
Travel - local		(14,762)	(10,609)
		<u>(2,698,958)</u>	<u>(2,192,310)</u>