

7th Heaven Children's Haven NPC
(Registration number 2009/018911/08)
Financial statements
for the year ended 31 December 2018

These financial statements were prepared by:
Moore Stephens WK Incorporated

These financial statements have been audited in compliance with the applicable requirements of the South Africa Companies
Act 71 of 2008.
Issued 12 June 2019

7th Heaven Children's Haven NPC

(Registration number: 2009/018911/08)

Financial Statements for the year ended 31 December 2018

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Providing care and counselling for abandoned, abused and neglected children.
Directors	SN Senong IM Bradley JR Pope KD Seomo MG Dayimani BW Jones LE Mtoba
Registered office	23 Koraal Street Jeffreys Bay 6330
Postal address	P.O Box 3410 Jeffreys Bay 6330
Bankers	First National Bank
Auditor	Moore Stephens WK Incorporated Registered Auditors
Company registration number	2009/018911/08

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Directors' Responsibilities and Approval

The directors are required by the South Africa Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 is engaged to express an independent opinion on the financial statements.

The 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 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 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 auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and their report is presented on pages 4 to 5.

The financial statements set out on pages 7 to 17, which have been prepared on the going concern basis, were approved on 12 June 2019 and were signed by:

Director

Director

Humansdorp

12 June 2019

Independent Auditor's Report

To the members of 7th Heaven Children's Haven NPC

Report on the Audit of the Financial Statements

Qualified opinion

We have audited the financial statements of 7th Heaven Children's Haven NPC set out on pages 7 to 16, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the financial statements present fairly, in all material respects, the financial position of 7th Heaven Children's Haven NPC as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the South Africa Companies Act 71 of 2008.

Basis for qualified opinion

In common with similar organisations, it is not feasible for the company to institute accounting controls over cash collections prior to the initial entry of the collection in the accounting records. According it is impracticable of us to extend our examination beyond receipts actually recorded.

We conducted our audit in accordance with International Standards on Auditing. 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 are independent of the company 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). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the South Africa Companies Act 71 of 2008, and for such internal control as the directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company 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 International Standards on Auditing 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 International Standards on Auditing, 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company'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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Moore Stephens WK Incorporated
J Barnard
Director
Registered Auditors

12 June 2019
Humansdorp

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Financial Statements for the year ended 31 December 2018

Directors' Report

The directors have pleasure in submitting their report on the financial statements of 7th Heaven Children's Haven NPC for the year ended 31 December 2018.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the South Africa 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 financial statements.

2. Directors

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

Directors

SN Senong

IM Bradley

JR Pope

KD Seomo

MG Dayimani

BW Jones

LE Mtoba

There have been no changes to the directorate for the period under review.

3. 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.

4. Auditor

Moore Stephens WK Incorporated continued in office as auditor for the company for 2018.

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Financial Statements for the year ended 31 December 2018

Statement of Financial Position as at 31 December 2018

	Notes	2018 R	2017 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	1 392 626	1 470 713
Current Assets			
Trade and other receivables	3	8 581	8 166
Cash and cash equivalents	4	133 864	342 988
		142 445	351 154
Total Assets		1 535 071	1 821 867
Equity and Liabilities			
Equity			
Reserves	5	145 208	145 208
Retained income		1 339 567	1 379 198
		1 484 775	1 524 406
Liabilities			
Current Liabilities			
Trade and other payables	6	50 296	297 461
Total Equity and Liabilities		1 535 071	1 821 867

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Statement of Comprehensive Income

	Notes	2018 R	2017 R
Revenue		361 946	257 847
Other income		20 650	20 081
Operating expenses		(426 141)	(302 341)
Operating loss	7	(43 545)	(24 413)
Investment revenue	8	3 914	4 090
Loss for the year		(39 631)	(20 323)
Other comprehensive income		-	-
Total comprehensive loss for the year		(39 631)	(20 323)

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Financial Statements for the year ended 31 December 2018

Statement of Changes in Equity

	Special funds	Retained income	Total equity
	R	R	R
Balance at 01 January 2017	145 208	1 399 521	1 544 729
Loss for the year	-	(20 323)	(20 323)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(20 323)	(20 323)
Balance at 01 January 2018	145 208	1 379 198	1 524 406
Loss for the year	-	(39 631)	(39 631)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	-	(39 631)	(39 631)
Balance at 31 December 2018	145 208	1 339 567	1 484 775
Note	5		

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Statement of Cash Flows

	Notes	2018 R	2017 R
Cash flows from operating activities			
Cash receipts from customers		382 181	257 847
Cash paid to suppliers and employees		(595 219)	75 068
Cash (used in) generated from operations	9	(213 038)	332 915
Interest income		3 914	4 090
Net cash from operating activities		(209 124)	337 005
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(91 376)
Total cash movement for the year		(209 124)	245 629
Cash at the beginning of the year		342 988	97 359
Total cash at end of the year	4	133 864	342 988

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Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The 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 South Africa Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at amortised cost, 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 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

The financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

1.2 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.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

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		100 years (100% residual value)
Land		Indefinite
Furniture and fixtures		5 years
Motor vehicles		5 years
IT equipment		3 years

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

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Accounting Policies

1.2 Property, plant and equipment (continued)

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.

1.3 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.

1.4 Tax

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.5 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

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Notes to the Financial Statements

	2018 R	2017 R
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2. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	1 301 158	-	1 301 158	1 301 158	-	1 301 158
Furniture and fixtures	133 409	(77 918)	55 491	146 810	(68 848)	77 962
Motor vehicles	308 979	(273 002)	35 977	308 979	(217 386)	91 593
Total	1 743 546	(350 920)	1 392 626	1 756 947	(286 234)	1 470 713

Reconciliation of property, plant and equipment - 2018

	Opening balance	Disposals	Depreciation	Closing balance
Buildings	1 301 158	-	-	1 301 158
Furniture and fixtures	77 962	(569)	(21 902)	55 491
Motor vehicles	91 593	-	(55 616)	35 977
	1 470 713	(569)	(77 518)	1 392 626

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Closing balance
Buildings	1 273 891	27 267	-	1 301 158
Furniture and fixtures	34 704	64 109	(20 851)	77 962
Motor vehicles	147 209	-	(55 616)	91 593
	1 455 804	91 376	(76 467)	1 470 713

3. Trade and other receivables

Deposits	1 580	1 580
Other receivables	7 001	6 586
	8 581	8 166

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6 462	5 462
Bank balances	127 402	337 526
	133 864	342 988

5. Special Funds

NLDTF	145 208	145 208
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Notes to the Financial Statements

	2018 R	2017 R
6. Trade and other payables		
Trade payables	6 157	22 134
National Lottery Fund	44 139	275 327
	50 296	297 461
7. Operating loss		
Operating loss for the year is stated after accounting for the following:		
Consumables and cleaning	34 828	47 505
Depreciation on property, plant and equipment	77 519	76 467
Employee costs	100 368	70 821
Insurance	26 262	16 014
Petrol and Oil	25 650	885
Loss on scrapping of assets	(569)	-
Repairs and maintenance	43 290	29 572
School fees	30 050	15 720
8. Investment revenue		
Interest revenue		
Bank	3 914	4 090
9. Cash (used in) generated from operations		
Loss before taxation	(39 631)	(20 323)
Adjustments for:		
Depreciation	77 519	76 467
Loss on sale of assets	569	-
Interest received	(3 914)	(4 090)
Changes in working capital:		
Trade and other receivables	(416)	(6 587)
Trade and other payables	(247 165)	287 448
	(213 038)	332 915

10. Directors' remuneration

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

11. Events after the reporting period

No event occurred between reporting date and the date of approval of the financial statements which would materially affect the financial statements.

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Financial Statements for the year ended 31 December 2018

Notes to the Financial Statements

12. Categories of financial instruments

	Notes	Debt instruments at amortised cost	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
Categories of financial instruments - 2018					
Assets					
Non-Current Assets					
Property, plant and equipment	2	-	-	1 392 626	1 392 626
Current Assets					
Trade and other receivables	3	8 581	-	-	8 581
Cash and cash equivalents	4	133 864	-	-	133 864
		142 445	-	-	142 445
Total Assets		142 445	-	1 392 626	1 535 071
Equity and Liabilities					
Equity					
Reserves		-	-	145 208	145 208
Accumulated profit		-	-	1 339 567	1 339 567
		-	-	1 484 775	1 484 775
Total Equity		-	-	1 484 775	1 484 775
Liabilities					
Current Liabilities					
Trade and other payables	6	-	50 296	-	50 296
Total Liabilities		-	50 296	-	50 296
Total Equity and Liabilities		-	50 296	1 484 775	1 535 071

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Notes to the Financial Statements

12. Categories of financial instruments (continued)

	Note(s)	Debt instruments at amortised cost	Financial liabilities at amortised cost	Equity and non financial assets and liabilities	Total
Categories of financial instruments - 2017					
Assets					
Non-Current Assets					
Property, plant and equipment	2	-	-	1 470 713	1 470 713
Current Assets					
Trade and other receivables	3	8 166	-	-	8 166
Cash and cash equivalents	4	342 988	-	-	342 988
		351 154	-	-	351 154
Total Assets		351 154	-	1 470 713	1 821 867
Equity and Liabilities					
Equity					
Reserves		-	-	145 208	145 208
Accumulated profit		-	-	1 379 198	1 379 198
		-	-	1 524 406	1 524 406
Total Equity		-	-	1 524 406	1 524 406
Liabilities					
Current Liabilities					
Trade and other payables	6	-	297 461	-	297 461
Total Liabilities		-	297 461	-	297 461
Total Equity and Liabilities		-	297 461	1 524 406	1 821 867

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Detailed Income Statement

	Notes	2018 R	2017 R
Revenue			
Donations		130 758	73 962
National Lottery Fund		231 188	183 885
		361 946	257 847
Other income			
Bursaries		20 650	15 720
Insurance refund		-	4 361
Interest received	8	3 914	4 090
		24 564	24 171
Operating expenses			
Advertising		4 000	1 050
Auditors remuneration		7 400	5 500
Bank charges		3 871	2 405
Childrens education - Other		10 300	900
Clothing		9 690	846
Computer expenses		-	880
Consumables and cleaning		34 828	47 505
Depreciation		77 519	76 467
Employee costs		100 368	70 821
Gymnastics		1 370	-
Insurance		26 262	16 014
Medical expenses		1 173	1 722
Municipal expenses		15 871	16 038
Petrol and oil		25 641	885
Printing and stationery		-	2 801
Profit and loss on sale of assets and liabilities		569	-
Repairs and maintenance		43 290	29 572
School Fees		30 050	15 720
Security		4 050	3 810
Staff training		17 300	-
Stationary		6 404	-
Swimming lessons		2 690	5 205
Telephone and fax		1 695	-
Thites		1 800	4 200
		426 141	302 341
Loss for the year		(39 631)	(20 323)