7th Heaven Children's Haven NPC
(Registration number 2009/018911/08)
Financial statements
for the year ended 31 December 2019

These financial statements were prepared by:
J van Zyl CA(S.A)
These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Issued 13 October 2020

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 M Lategan IM Bradley JR Pope KD Seomo ME Dayimani BW Jones LE Mtoba
Registered office	23 Koraal Street Jeffreys Bay 6330
Postal address	P.O. Box 3410 Jeffreys Bay JEFFREYS BAY 6330
Bankers	First National Bank
Auditors	Moore Registered Auditors
Company registration number	2009/018911/08

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

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

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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 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 auditors are 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 set 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 2020 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 financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 5.

The financial statements set out on pages 7 to 16, which have been prepared on the going concern basis, were approved by the board on 13 October 2020 and were signed on its behalf by:

Director	Irene Bradley **Director**

Humansdorp

13 October 2020

Moore Humansdorp

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Independent Auditor's Report

To the shareholder 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 (the company) set out on pages 7 to 15, which comprise the statement of financial position as at 31 December 2019, and the statement of financial performance, 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 2019, 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 Companies Act 71 of 2008.

Basis for qualified opinion

In common with similar organisatons, it is not feasible for the comany to institute controls over cash collections prior to the initial entry of the colllection in the accounting records. According it is impracticable of us to extend our examination beyond recipts 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 sections 290 and 291 of the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. 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 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
J Barnard
Director
Registered Auditor

13 October 2020
Jeffreys Bay

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 2019.

1. Nature of business

7th Heaven Children's Haven NPC was incorporated in South Africa with interests in providing care and counselling for the abandoned, abused and neglected children through sports and other physical activities.The organisation operates in South Africa.

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

2. 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 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 organisation are set out in these financial statements.

3. Directors

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

Directors
SN Senong
M Lategan
IM Bradley
JR Pope
KD Seomo
ME Dayimani
BW Jones
LE Mtoba

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

4. Events after the reporting period

On the 15th of March 2020, the Covid-19 pandemic was declared a national disaster and on the 23rd of March 2020 a national lockdown was imposed from the 26th of March 2020. This had no effect to the non-profit organisation as the entity could still operate as normal.

5. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the 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

Moore continued in office as auditors for the company for 2019.

Statement of Financial Position as at 31 December 2019

	Notes	2019 R	2018 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	1 517 644	1 392 626
Current Assets			
Trade and other receivables	3	1 580	8 581
Cash and cash equivalents	4	11 281	133 864
		12 861	**142 445**
Total Assets		**1 530 505**	**1 535 071**
Equity and Liabilities			
Equity			
Reserves	5	-	145 208
Retained income		1 522 500	1 339 567
		1 522 500	**1 484 775**
Liabilities			
Current Liabilities			
Trade and other payables	6	1 125	50 296
Provisions	7	6 880	-
		8 005	**50 296**
Total Equity and Liabilities		**1 530 505**	**1 535 071**

Statement of Comprehensive Income

	Notes	2019 R	2018 R
Revenue		201 814	361 946
Other income		-	20 650
Operating expenses		(166 934)	(426 141)
Operating profit (loss)	8	**34 880**	**(43 545)**
Investment revenue	9	2 845	3 914
Profit (loss) for the year		**37 725**	**(39 631)**
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		**37 725**	**(39 631)**

Statement of Changes in Equity

	Special funds	Retained income	Total equity
	R	R	R
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 01 January 2019	**145 208**	**1 339 567**	**1 484 775**
Profit for the year	-	37 725	37 725
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**37 725**	**37 725**
Realisation of reserve	(145 208)	145 208	-
Total changes	**(145 208)**	**145 208**	**-**
Balance at 31 December 2019	**-**	**1 522 500**	**1 522 500**
Note	5		

Statement of Cash Flows

	Notes	2019 R	2018 R
Cash flows from operating activities			
Cash receipts from operation		164 676	382 181
Cash paid to suppliers and employees		(286 409)	(595 219)
Cash used in operations	11	(121 733)	(213 038)
Interest income	9	2 845	3 914
Net cash from operating activities		**(118 888)**	**(209 124)**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(3 695)	-
Total cash movement for the year		**(122 583)**	**(209 124)**
Cash at the beginning of the year		133 864	342 988
Total cash at end of the year	4	**11 281**	**133 864**

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 Companies Act 71 of 2008. The financial statements have been prepared on the historical cost convention, unless otherwise stated in the accounting policies which follow 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

Useful lives of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date. During the current year, the directors determined that the useful lives of certain items of surveillance equipment should be shortened, due to developments in technology.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to increase the depreciation expense in the current financial year and for the next 3 years, by the following amounts:

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 organisation.

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

Item	Average useful life
Buildings	100 years (199% residual value)
Land	Indefinite
Furniture and fixtures	5 - 10 years
Motor vehicles	5 - 10 years
IT equipment	5 years

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

Accounting Policies

1.2 Property, plant and equipment (continued)

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.

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

The company is exempt from taxation in terms of s10(1)(e).

1.5 Provisions

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.

1.6 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.

Notes to the Financial Statements

	2019 R	2018 R

2. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land	150 000	-	150 000	150 000	-	150 000
Buildings	1 151 158	-	1 151 158	1 151 158	-	1 151 158
Furniture and fixtures	133 409	(65 864)	67 545	133 409	(77 918)	55 491
Motor vehicles	308 979	(163 237)	145 742	308 979	(273 002)	35 977
IT equipment	3 695	(496)	3 199	-	-	-
Total	**1 747 241**	**(229 597)**	**1 517 644**	**1 743 546**	**(350 920)**	**1 392 626**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Reassessment of useful lives	Closing balance
Land	150 000	-	-	-	150 000
Buildings	1 151 158	-	-	-	1 151 158
Furniture and fixtures	55 491	-	(13 497)	25 551	67 545
Motor vehicles	35 977	-	(5 079)	114 844	145 742
IT equipment	-	3 695	(496)	-	3 199
	1 392 626	**3 695**	**(19 072)**	**140 395**	**1 517 644**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Disposals	Depreciation	Closing balance
Land	150 000	-	-	150 000
Buildings	1 151 158	-	-	1 151 158
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**

Details of properties

Erf 958, 23 Koraal Street, Jeffreys Bay

	2019	2018
- Purchase price: 23 August 2012	1 131 291	1 131 291
- Capitalised expenditure	169 867	169 867
	1 301 158	**1 301 158**

3. Trade and other receivables

	2019	2018
Deposits	1 580	1 580
Other receivables	-	7 001
	1 580	**8 581**

Notes to the Financial Statements

	2019 R	2018 R

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2019 R	2018 R
Cash on hand	-	6 462
Bank balances	11 281	127 402
	11 281	**133 864**

5. Special Funds

	2019 R	2018 R
NLDTF	-	145 208

6. Trade and other payables

	2019 R	2018 R
Trade payables	-	3 712
National Lottery Fund	-	44 139
SARS - EMP	1 125	2 445
	1 125	**50 296**

7. Provisions

Reconciliation of provisions - 2019

	Opening balance	Additions	Total
Provision for audit fees	-	6 880	6 880

The timing of the outflow of economic benefits with regards to the audit fee provision is expected to be within 12 months.

8. Operating profit (loss)

Operating profit (loss) for the year is stated after accounting for the following:

	2019 R	2018 R
Depreciation on property, plant and equipment	19 072	77 519
Employee costs	118 319	100 368
Impairment on property, plant and equipment	(140 395)	-
Loss on scrapping of assets	-	569

9. Investment revenue

	2019 R	2018 R
Interest revenue		
Bank	2 845	3 914

10. Auditor's remuneration

	2019 R	2018 R
Auditors fees	6 880	6 513
Consulting and secretarial fees	3 039	887
	9 919	**7 400**

Notes to the Financial Statements

	2019 R	2018 R

11. Cash used in operations

	2019 R	2018 R
Profit (loss) before taxation	37 725	(39 631)
Adjustments for:		
Depreciation	19 072	77 519
Loss on disposal of property, plant and equipment	-	569
Interest received	(2 845)	(3 914)
Reassessment of useful lives of property, plant and equipment	(140 395)	-
Movements in provisions	6 880	-
Changes in working capital:		
Trade and other receivables	7 001	(416)
Trade and other payables	(49 171)	(247 165)
	(121 733)	**(213 038)**

12. Directors' remuneration

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

13. Categories of financial instruments

Categories of financial assets

2019

	Notes	Amortised cost	Total
Trade and other receivables	3	1 580	1 580
Cash and cash equivalents	4	11 281	11 281
		12 861	**12 861**

2018

	Notes	Amortised cost	Total
Trade and other receivables	3	8 581	8 581
Cash and cash equivalents	4	133 864	133 864
		142 445	**142 445**

Categories of financial liabilities

2018

	Notes	Amortised cost	Total
Trade and other payables	6	47 851	47 851

Detailed Income Statement

	Notes	2019 R	2018 R
Revenue			
Donations		157 675	130 758
National Lottery Fund		44 139	231 188
		201 814	**361 946**
Other income			
Bursaries		-	20 650
Operating expenses			
Advertising		-	4 000
Auditors remuneration	10	9 919	7 400
Bank charges		4 246	3 871
Children's education - other		6 901	6 300
Clothing		-	9 690
Depreciation		(121 323)	77 519
Employee costs		118 319	100 368
Groceries and cleaning		55 091	34 828
Gymnastics		-	5 370
Insurance		25 518	26 262
Loss on disposal of property, plant and equipment		-	569
Medical expenses		2 782	1 173
Municipal expenses		29 991	15 871
Petrol and oil		8 457	25 641
Repairs and maintenance		8 988	43 290
School fees		7 000	30 050
Security		4 290	4 050
Staff training		3 590	17 300
Stationery		3 165	6 404
Swimming lessons		-	2 690
Telephone and fax		-	1 695
Tithes		-	1 800
		166 934	**426 141**
Operating profit (loss)	8	**34 880**	**(43 545)**
Investment revenue	9	2 845	3 914
Profit (loss) for the year		**37 725**	**(39 631)**