SUSTAINABLE COFFEE BAY

(Registration Number NPO 090-432)
Annual Financial Statements
for the year ended 31 December 2017

MYRIAD
Accounting • Tax • Advisory

Index

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

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

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General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Community development
MANAGEMENT	D Malherbe D Brochenin B Malherbe N Simoyi A Mbambazela N Whittal
REGISTERED OFFICE	115 Western Avenue Vincent East London 5200
BUSINESS ADDRESS	On the Beach Coffee Bay 5080
Income Tax Registration Number	9249343188
INDEPENDENT AUDITORS	Emslie & Co 15 Stewart Drive Baysville East London 5201

SUSTAINABLE COFFEE BAY

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Annual Financial Statements for the year ended 31 December 2017

Management's Responsibilities and Approval

Management is required 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 satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the organisation, and explain the transactions and financial position of the business of the organisation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the organisation and supported by reasonable and prudent judgements and estimates.

Management acknowledges that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable management to meet these responsibilities, the management committee 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the organisations business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Management is 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources management has no reason to believe that the organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the organisation.

The financial statements have been audited by the independent auditing firm, Emslie & Co, who have been given unrestricted access to all financial records and related data, including minutes of all meetings. Management believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' unqualified audit report is presented on page 3 to 4.

The annual financial statements as set out on pages 7 to 13 were approved by the management committee on 22 June 2018 and were signed on its behalf by:

D Malherbe

D Brochenin

Management's Report

The management committee present their report for the year ended 31 December 2017.

1. Review of activities

Main business and operations

The principal activity of the organisation is community development and there were no major changes herein during the year.

The operating results and statement of financial position of the organisation are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

4. Management

The management of the organisation during the year and to the date of this report are as follows:

D Malherbe
D Brochenin
B Malherbe
N Simoyi
A Mbambazela
N Whittal

5. Independent Auditors

Emslie & Co were the independent auditors for the year under review.

Statement of Financial Position

Figures in R	Notes	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	3	482,109	520,755
Current Assets			
Cash and cash equivalents	4	280,461	283,986
Total Assets		**762,570**	**804,741**
Reserves and Liabilities			
Reserves			
Retained earnings		762,570	804,741
Total Reserves and Liabilities		**762,570**	**804,741**

Statement of Comprehensive Income

Figures in R	Notes	2017	2016
Revenue	5	770,191	733,319
Operating costs		(820,626)	(707,165)
Operating (deficit)/surplus	6	**(50,435)**	**26,154**
Finance income	7	8,264	4,875
(Deficit)/surplus for the year		**(42,171)**	**31,029**

Statement of Changes in Reserves

Figures in R	Accumulated surplus	Total
Balance at 1 January 2016	773,712	773,712
Total comprehensive income for the year		
Surplus for the year	31,029	31,029
Total comprehensive income for the year	31,029	31,029
Balance at 31 December 2016	**804,741**	**804,741**
Balance at 1 January 2017	804,741	804,741
Total comprehensive income for the year		
Deficit for the year	(42,171)	(42,171)
Total comprehensive income for the year	(42,171)	(42,171)
Balance at 31 December 2017	**762,570**	**762,570**

Statement of Cash Flows

Figures in R	Note	2017	2016
Cash flows from operating activities			
(Deficit) / surplus for the year		(42,171)	31,029
Adjustments for:			
Depreciation of tangible assets		44,074	41,835
Investment income		(8,264)	(4,875)
Loss on disposal of property, plant and equipment		1,768	-
Net cash flows (used in) / from operations		(4,593)	67,989
Investment income		8,264	4,875
Net cash flows from operating activities		**3,671**	**72,864**
Property, plant and equipment acquired	3	(7,198)	-
Proceeds on disposals of property, plant and equipment		2	-
Net (decrease) / increase in cash and cash equivalents		(3,525)	72,864
Cash and cash equivalents at beginning of the year		283,986	211,122
Cash and cash equivalents at end of the year	4	**280,461**	**283,986**

Accounting Policies

1. General information

Sustainable Coffee Bay is a non-profit organisation.

2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Costs 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 charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

Land and buildings	5.00%
Plant and equipment	20.00%
Furniture and fittings	15.00%
Office equipment	20.00%
IT equipment	33.30%

2.2 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the organisation at their fair value at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss. Assets held under finance leases are included in property, plant and equipment, and depreciation and impairment losses are recognised.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease.

Notes to the Annual Financial Statements

Figures in R	2017	2016

3. Property, plant and equipment

	Cost	Accumulated depreciation	2017 Carrying value	Cost	Accumulated depreciation	2016 Carrying value
Owned assets						
Land and buildings	623,076	156,640	**466,436**	624,976	125,937	499,039
Plant and equipment	27,207	25,929	**1,278**	27,814	21,128	6,686
Furniture and fittings	30,060	23,176	**6,884**	30,060	18,667	11,393
Office equipment	720	718	**2**	1,030	880	150
IT equipment	17,878	10,369	**7,509**	12,590	9,103	3,487
	698,941	216,832	**482,109**	696,470	175,715	520,755

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2017 Carrying value at end of year
Owned assets					
Land and buildings	499,039	-	(1,449)	(31,154)	466,436
Plant and equipment	6,686	-	(288)	(5,120)	1,278
Furniture and fittings	11,393	-	-	(4,509)	6,884
Office equipment	150	-	(28)	(120)	2
IT equipment	3,487	7,198	(5)	(3,171)	7,509
	520,755	7,198	(1,770)	(44,074)	482,109

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2016 Carrying value at end of year
Owned assets					
Land and buildings	530,288	-	-	(31,249)	499,039
Plant and equipment	10,841	-	-	(4,155)	6,686
Furniture and fittings	15,902	-	-	(4,509)	11,393
Office equipment	332	-	-	(182)	150
IT equipment	5,227	-	-	(1,740)	3,487
	562,590	-	-	(41,835)	520,755

4. Cash and cash equivalents

	2017	2016
Favourable cash balances		
Cash on hand	30,274	14,338
Bank balances	250,187	269,648
	280,461	283,986

Notes to the Annual Financial Statements

Figures in R	2017	2016

5. Revenue

An analysis of revenue is as follows:

St Johns Income	149,287	94,693
Donors and Sponsors	262,006	326,634
Government grants	104,685	91,305
Local Funding received	103,798	116,369
SCB donations	150,415	104,318
	770,191	733,319

6. Operating profit

Operating profit is arrived at after taking into account the following items:

Expenditure		
Loss on disposal of property, plant and equipment	1,768	-
Depreciation		
Owned assets		
Land and buildings	31,154	31,249
Plant and equipment	5,120	4,155
Furniture and fittings	4,509	4,509
Office equipment	120	182
IT equipment	3,171	1,740
	44,074	41,835
Auditors' remuneration		
Audit fees		
-current	5,547	16,772

7. Finance income

Interest income		
Interest received	8,264	4,875

8. Contingent liabilities

The executive committee is not aware of any contingent liabilities at the reporting date.

9. Going Concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

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Detailed Income Statement

Figures in R	2017	2016
Gross Revenue		
St Johns Income	149,287	94,693
Donors and Sponsors	262,006	326,634
Government grants	104,685	91,305
Local Funding received	103,798	116,369
SCB Income	150,415	104,318
	770,191	733,319
Other income		
Investment income	8,264	4,875
	8,264	4,875
	778,455	**738,194**
Expenditure		
Auditors' remuneration	5,547	16,772
Bank charges	4,663	4,251
Cleaning	2,320	643
Depreciation	44,074	41,835
Electricity and Gas	13,897	11,712
Loss on sale of fixed assets	1,768	-
Printing and stationery	6,571	9,045
Repairs and maintenance	210	866
Salaries	324,840	308,882
School expenses	398,860	294,220
Telephone and fax	1,503	1,479
Training	7,800	10,670
Travel - local	8,573	6,790
	820,626	707,165
(Deficit)/surplus for the year	**(42,171)**	**31,029**