SUSTAINABLE COFFEE BAY

(Registration Number NPO 090-432)
Annual Financial Statements
for the year ended 31 December 2018

Audited Financial Statements

in compliance with Companies Act 71 of 2008

Prepared: A Burgess

SUSTAINABLE COFFEE BAY

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Annual Financial Statements for the year ended 31 December 2018

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

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
COMPILER	A Burgess (Myriad Accountants (Pty) Ltd)

emslie & co

Chartered Accountants (SA)
15 Stewart Drive, Baysville, East London
PO Box 19144, Tecoma, 5214
Call – 0437270093 / 0824170844
emsliej@mweb.co.za
Justin Jon Emslie CA(SA)

Independent Auditor's Report

To the Management of Sustainable Coffee Bay

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sustainable Coffee Bay set out on pages 7 to 15, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, the statement of changes in equity and the 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, the financial statements present fairly, in all material respects, the financial position of the organisation as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 organisation 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 opinion.

Responsibilities of the Managements for the Financial Statements

The managements are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and for such internal control as the managements 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 managements are responsible for assessing the organisation'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 managements either intend to liquidate the organisation 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 ISAs 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 ISAs, 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 organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the managements.
- Conclude on the appropriateness of the managements' 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 organisation'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 organisation 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 managements 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.

Other matters

Cash collections

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

Funding

Without qualifying our opinion, we drew attention to the nature of the revenue of such an organisation. The organisation receives and is dependent on securing donor funding. This indicates the existence of a material uncertainty which may cast significant doubt on the organisation's ability to continue as a going concenrn.

Emslie & Co

Per: JJ Emslie
Chartered Accountant (SA)

29 August 2019

15 Stewart Drive
Baysville
East London
5201

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 15 were approved by the management committee on 29 August 2019 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 2018.

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.

SUSTAINABLE COFFEE BAY

(Registration Number NPO 090-432)

Financial Statements for the year ended 31 December 2018

Statement of Financial Position

Figures in R	Notes	31 December 2018	31 December 2017
Assets			
Non-Current Assets			
Property, plant and equipment	3	441,765	482,109
Current Assets			
Cash and cash equivalents	4	311,604	275,657
Total Assets		**753,369**	**757,766**
Reserves and Liabilities			
Reserves			
Retained earnings		753,369	757,766
Total Reserves and Liabilities		**753,369**	**757,766**

SUSTAINABLE COFFEE BAY

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Financial Statements for the year ended 31 December 2018

Statement of Comprehensive Income

Figures in R	Notes	31 December 2018	31 December 2017
Revenue	5	752,893	770,191
Operating costs		(768,014)	(820,626)
Operating deficit	6	**(15,121)**	**(50,435)**
Finance income	7	10,724	8,264
Deficit for the year		**(4,397)**	**(42,171)**

SUSTAINABLE COFFEE BAY

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Financial Statements for the year ended 31 December 2018

Statement of Changes in Reserves

Figures in R	Accumulated surplus	Total
Balance at 1 January 2017	799,937	799,937
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	**757,766**	**757,766**
Balance at 1 January 2018	757,766	757,766
Total comprehensive income for the year		
Deficit for the year	(4,397)	(4,397)
Total comprehensive income for the year	(4,397)	(4,397)
Balance at 31 December 2018	**753,369**	**753,369**

SUSTAINABLE COFFEE BAY

(Registration Number NPO 090-432)

Financial Statements for the year ended 31 December 2018

Statement of Cash Flows

Figures in R	Note	31 December 2018	31 December 2017
Cash flows from operating activities			
Deficit for the year		(4,397)	(42,171)
Adjustments for:			
Depreciation of tangible assets		41,225	44,074
Investment income		(10,724)	(8,264)
Loss on disposal of property, plant and equipment		-	1,768
Net cash flows from / (used in) operations		26,104	(4,593)
Investment income		10,724	8,264
Net cash flows from operating activities		**36,828**	**3,671**
Cash flows used in investing activities			
Property, plant and equipment acquired	3	(880)	(7,193)
Proceeds on disposals of property, plant and equipment		(1)	(3)
Net cash flows used in investing activities		**(881)**	**(7,196)**
Net increase / (decrease) in cash and cash equivalents		35,947	(3,525)
Cash and cash equivalents at beginning of the year		275,657	279,182
Cash and cash equivalents at end of the year	4	**311,604**	**275,657**

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 Revenue recognition

Revenue is recognised once donations, local funding, parents fees and government grants have been received.

2.2 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%

2.3 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.

Accounting Policies

Leases continued...

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

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Notes to the Annual Financial Statements

Figures in R	31 December 2018	31 December 2017

3. Property, plant and equipment

	Cost	Accumulated depreciation	31 December 2018 Carrying value	Cost	Accumulated depreciation	31 December 2017 Carrying value
Owned assets						
Land and buildings	623,076	187,794	**435,282**	623,076	156,640	466,436
Plant and equipment	27,207	27,205	**2**	27,207	25,929	1,278
Furniture and fittings	30,060	27,685	**2,375**	30,060	23,176	6,884
Office equipment	720	718	**2**	720	718	2
IT equipment	18,758	14,654	**4,104**	17,878	10,369	7,509
	699,821	258,056	**441,765**	698,941	216,832	482,109

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

	Carrying value at beginning of year	Additions	Disposals	Depreciation	31 December 2018 Carrying value at end of year
Owned assets					
Land and buildings	466,436	-	-	(31,154)	435,282
Plant and equipment	1,278	-	1	(1,277)	2
Furniture and fittings	6,884	-	-	(4,509)	2,375
Office equipment	2	-	-	-	2
IT equipment	7,509	880	-	(4,285)	4,104
	482,109	880	1	(41,225)	441,765

	Carrying value at beginning of year	Additions	Disposals	Depreciation	31 December 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	7,193	-	(3,171)	7,509
	520,755	7,193	(1,765)	(44,074)	482,109

Notes to the Annual Financial Statements

Figures in R	31 December 2018	31 December 2017

4. Cash and cash equivalents

Favourable cash balances		
Cash on hand	8,233	25,470
Bank balances	303,371	250,187
	311,604	275,657

5. Revenue

An analysis of revenue is as follows:

St Johns Income	43,874	149,287
Donors and Sponsors	295,050	262,006
Government grants	70,440	104,685
Local Funding received	141,722	103,798
SCB donations	201,807	150,415
	752,893	770,191

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	31,154
Plant and equipment	1,277	5,120
Furniture and fittings	4,509	4,509
Office equipment	-	120
IT equipment	4,285	3,171
	41,225	44,074
Auditors' remuneration		
Audit fees		
-current	11,392	5,547

7. Finance income

Interest income		
Interest received	10,724	8,264

Notes to the Annual Financial Statements

Figures in R	31 December 2018	31 December 2017

8. Contingent liabilities

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

9. Related party transactions

Name	Relationship	Transactions	2018	2017	Amounts owed (to) / by the related party at year-end 2018	Amounts owed (to) / by the related party at year-end 2017
Coffee Shack Backpackers (Pty) Ltd	Common Director - D Malherbe	Donations received	84,000	54,885	-	-

10. Taxation

No provision has been made for taxation as the NPO is exempt from payment of Income Tax.

11. 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.

SUSTAINABLE COFFEE BAY

(Registration Number NPO 090-432)

Financial Statements for the year ended 31 December 2018

Detailed Income Statement

Figures in R	31 December 2018	31 December 2017
Gross Revenue		
St Johns Income	43,874	149,287
Donors and Sponsors	295,050	262,006
Government grants	70,440	104,685
Local Funding received	141,722	103,798
SCB Income	201,807	150,415
	752,893	770,191
Other income		
Investment income	10,724	8,264
	10,724	8,264
	763,617	**778,455**
Expenditure		
Auditors' remuneration	11,392	5,547
Bank charges	4,183	4,663
Cleaning	3,122	2,320
Depreciation	41,225	44,074
Electricity and Gas	2,247	13,897
Loss on sale of fixed assets	-	1,768
Printing and stationery	2,198	6,571
Repairs and maintenance	4,898	210
Salaries	324,350	324,840
School expenses	362,508	405,360
Telephone and fax	3,840	1,503
Training	1,031	1,300
Travel - local	7,020	8,573
	768,014	820,626
Deficit for the year	**(4,397)**	**(42,171)**

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