SUSTAINABLE COFFEE BAY

(Registration Number NPO 090-432)
Annual Financial Statements
for the year ended 31 December 2019

Audited Financial Statements

in compliance with Companies Act 71 of 2008
Prepared: A Burgess

Index

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

Opinion

We have audited the financial statements of Sustainable Coffee Bay set out on pages 6 to 13, which comprise the statement of financial position as at 31 December 2019, 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 Sustainable Coffee Bay as at 31 December 2019, 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 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 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 draw 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 concern.

Emslie & Co

Per: JJ Emslie
Director / Partner
Chartered Accountant (SA)

6 October 2020

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 2 to 3.

The annual financial statements as set out on pages 6 to 13 were approved by the management committee on 6 October 2020 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 2019.

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.

At 15 March 2020 South Africa declared a state disaster and went into lockdown on 27 March 2020. The impact of the pandemic on the entity have not yet been assessed at the time of the issue of the financial statements.

4. Management's interest in contracts

To our knowledge none of the directors had any interest in contracts entered into during the year under review.

5. 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

6. Independent Auditors

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

Statement of Financial Position

Figures in R	Notes	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	3	406,615	441,765
Current Assets			
Cash and cash equivalents	4	366,916	311,604
Total Assets		**773,531**	**753,369**
Reserves and Liabilities			
Reserves			
Accumulated surplus		773,531	753,369
Total Reserves and Liabilities		**773,531**	**753,369**

Statement of Comprehensive Income

Figures in R	Notes	2019	2018
Revenue	5	849,369	752,893
Other income		731	-
Operating costs		(848,544)	(768,015)
Operating surplus / (deficit)	6	**1,556**	**(15,122)**
Finance income	7	18,606	10,724
Surplus / (deficit) for the year		**20,162**	**(4,398)**

Statement of Changes in Reserves

Figures in R	Accumulated surplus	Total
Balance at 1 January 2018	757,767	757,767
Total comprehensive income for the year		
Deficit for the year	(4,398)	(4,398)
Total comprehensive income for the year	(4,398)	(4,398)
Balance at 31 December 2018	**753,369**	**753,369**
Balance at 1 January 2019	753,369	753,369
Total comprehensive income for the year		
Surplus for the year	20,162	20,162
Total comprehensive income for the year	20,162	20,162
Balance at 31 December 2019	**773,531**	**773,531**

Statement of Cash Flows

Figures in R	Note	2019	2018
Cash flows from operating activities			
Surplus / (deficit) for the year		20,162	(4,398)
Adjustments for:			
Depreciation of tangible assets		36,150	41,225
Investment income		(18,606)	(10,724)
Net cash flows from operations		37,706	26,103
Investment income		18,606	10,724
Net cash flows from operating activities		**56,312**	**36,827**
Cash flows used in investing activities			
Property, plant and equipment acquired	3	(1,000)	(880)
Proceeds on disposals of property, plant and equipment		-	(1)
Net cash flows used in investing activities		**(1,000)**	**(881)**
Net increase in cash and cash equivalents		55,312	35,946
Cash and cash equivalents at beginning of the year		311,604	275,658
Cash and cash equivalents at end of the year	4	**366,916**	**311,604**

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 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	2019	2018

3. Property, plant and equipment

	Cost	Accumulated depreciation	2019 Carrying value	Cost	Accumulated depreciation	2018 Carrying value
Owned assets						
Land and buildings	623,076	218,948	**404,128**	623,076	187,794	435,282
Plant and equipment	27,207	27,205	**2**	27,207	27,205	2
Furniture and fittings	30,060	29,972	**88**	30,060	27,685	2,375
Office equipment	1,719	734	**985**	720	718	2
IT equipment	18,758	17,346	**1,412**	18,758	14,654	4,104
	700,820	294,205	**406,615**	699,821	258,056	441,765

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

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2019 Carrying value at end of year
Owned assets					
Land and buildings	435,282	-	-	(31,154)	404,128
Plant and equipment	2	-	-	-	2
Furniture and fittings	2,375	-	-	(2,287)	88
Office equipment	2	1,000	-	(17)	985
IT equipment	4,104	-	-	(2,692)	1,412
	441,765	1,000	-	(36,150)	406,615

	Carrying value at beginning of year	Additions	Disposals	Depreciation	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

4. Cash and cash equivalents

Favourable cash balances	2019	2018
Cash on hand	19,499	8,233
Bank balances	347,417	303,371
	366,916	311,604

Notes to the Annual Financial Statements

Figures in R	2019	2018

5. Revenue

An analysis of revenue is as follows:

St Johns Income	111,792	43,874
Donors and Sponsors	289,723	295,050
Government grants	93,645	70,440
Local Funding received	83,200	141,722
SCB income	271,009	201,807
	849,369	752,893

6. Operating profit

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

Depreciation		
Owned assets		
Land and buildings	31,154	31,154
Plant and equipment	-	1,277
Furniture and fittings	2,287	4,509
Office equipment	17	-
IT equipment	2,692	4,285
	36,150	41,225

Auditors' remuneration		
Audit fees		
-current	8,798	11,392

7. Finance income

Interest income		
Interest received	18,606	10,724

8. Contingent liabilities

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

9. Related party transactions

Name	Relationship	Transactions	2019	2018	Amounts owed (to) / by the related party at year-end 2019	2018
Coffee Shack Backpackers (Pty) Ltd	Common Director - D Malherbe	Donations received	40,710	84,000	-	-

Notes to the Annual Financial Statements

Figures in R	2019	2018

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.

Detailed Income Statement

Figures in R	2019	2018
Gross Revenue		
St Johns Income	111,792	43,874
Donors and Sponsors	289,723	295,050
Government grants	93,645	70,440
Local Funding received	83,200	141,722
SCB Income	271,009	201,807
	849,369	752,893
Other income		
Investment income	18,606	10,724
Sundry income & ETI	731	-
	19,337	10,724
	868,706	**763,617**
Expenditure		
Accounting fees	2,325	-
Auditors' remuneration	8,798	11,392
Bank charges	4,794	4,184
Cleaning	2,996	3,122
Communications	12,740	3,840
Consulting fees	115,190	-
Depreciation	36,150	41,225
Electricity and Gas	18,992	2,247
Meetings and conferences	10,733	-
Other support	1,450	-
Repairs and maintenance	10,260	4,898
Salaries	422,837	324,350
School expenses	189,123	364,706
Stationery/office supplies	6,232	-
Training	-	1,031
Travel - local	5,924	7,020
	848,544	768,015
Surplus / (deficit) for the year	**20,162**	**(4,398)**

Additional schedule:
Project detail for the year ended December 2019

Ikhaya Labantwana Montessori				
Government grants	93,645			
Grant - Kamvalethu	270,730			
Sponsors	70,121			
Donations	21,983			
School fees	66,317			
Sundry income	226			
Less SCB fees at 15%	(56,454)			
Expense allocation to December 2019		488,209		
	466,568	488,209		
Deficit this year			(21,641)	
Brought forward				45,604
Cumulative fund balance				23,963
St Johns				
Sponsors	128,925			
Sundry income	160			
Administration fee	(17,293)			
Expense allocation to December 2019		96,271		
	111,792	96,271		
Surplus this year			15,521	
Brought forward				80,628
Cumulative fund balance				96,149
Sustainable coffee bay and operations				
Income received	271,009			
Expense allocation to December 2019		227,914		
Interest received	18,606			
Sundry income and ETI	731			
Depreciation		36,150		
Surplus this year			26,282	
Total surplus for the year			**20,162**	

Total income as per income statement	868,706		
Total operating cost as per detailed income statement		848,544	
Net surplus for the year			20,162

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