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FOUNDATION FOR CHURCH LED RESTITUTION
Financial statements
for the year ended 28 February 2010

SizweNtsaluba VSP
Chartered Accountants (S.A.)
Registered Auditor
Issued 04 November 2010

Foundation for Church Led Restitution

Financial Statements for the year ended 28 February 2010

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Executive Committee members	Dr Sharlene Swartz (Vice Chairperson) Rev Xola Skosana (Chairperson) Mike Winfield Dr Philip Knutson Reuben Kadalie Dr Charles Robertson Rev Siyabulela Gidi Christina Henda René August David Pedersen
Registered office	PO Box 51722 West Beach 7449
Business address	2 Lente Road Sybrand Park 7700
Postal address	PO Box 51722 West Beach 7449
Bankers	ABSA Bank
Auditor's	SizweNtsaluba VSP Chartered Accountants (S.A.) Registered Auditor

Foundation for Church Led Restitution

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INDEPENDENT AUDITOR'S REPORT

To the executive committee members of Foundation for Church Led Restitution

We have audited the financial statements of Foundation for Church Led Restitution, which comprise the statement of financial position as at 28 February 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the executive committee's report, as set out on pages 6 to 14.

Managements' Responsibility for the Financial Statements

The executive committee is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Qualification

In common with similar organisations, it is not feasible for the organisation to institute accounting controls over cash collections from donations prior to initial entry of the collections in the accounting records. Accordingly it was impractical for us to extend our examination beyond receipts actually reported.

Opinion

In our opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements fairly present, in all material respects, the financial position of the organisation as at 28 February 2010 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities.

Supplementary Schedule

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on pages 15 to 16 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

SizweNtsaluba VSP
Registered Auditor

Per: Natalie Arendse
04 November 2010

2nd Floor, Block A,
Century Falls
32 Century Boulevard
Century City
7441

Foundation for Church Led Restitution

Financial Statements for the year ended 28 February 2010

EXECUTIVE COMMITTEE'S RESPONSIBILITIES AND APPROVAL

The Executive Committee is required to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is its responsibility to ensure that the financial statements fairly present the state of affairs of the Foundation 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 International Financial Reporting Standards (IFRS) 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 International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Executive Committee acknowledges that it is ultimately responsible for the system of internal financial control established by the organisation and places considerable importance on maintaining a strong control environment. To enable the Executive Committee to meet these responsibilities, they 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Executive Committee 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Executive Committee has reviewed the entity's cash flow forecast for the year to 28 February 2011 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor's is responsible for independently reviewing and reporting on the foundation's financial statements. The financial statements have been examined by the foundation's external auditor's and their report is presented on page 3 and 4.

The financial statements set out on pages 6 to 16, which have been prepared on the going concern basis, were approved and

Rev Xola Skosana (Chairperson)

Cape Town

04 November 2010

Foundation for Church Led Restitution

Financial Statements for the year ended 28 February 2010

EXECUTIVE COMMITTEE'S REPORT

The Executive Committee submits their report for the year ended 28 February 2010.

1. Review of activities

Main business and operations

The Foundation for Church led Resitution was established in 2002 by various churches to facilitate restitution through teh church and operates principally in South Africa.

The operating results and state of affairs of the foundation are fully set out in the attached financial statements and do not in our opinion require any further comment.

Net deficit of the foundation was R 257 161 (2009: loss R 228 851).

2. Events after the reporting period

The Executive Committee is not aware of any matter or circumstance arising since the end of the financial year.

3. Auditor's

SizweNtsaluba VSP will continue in office for the next financial year.

Foundation for Church Led Restitution

Financial Statements for the year ended 28 February 2010

STATEMENT OF FINANCIAL POSITION

	Note(s)	2010 R	2009 R
Assets			
Non-Current Assets			
Equipment	2	9 783	21 057
Current Assets			
Cash and cash equivalents	3	495 028	735 675
Total Assets		504 811	756 732
Equity and Liabilities			
Equity			
Retained income		490 813	747 974
Liabilities			
Current Liabilities			
Trade and other payables	4	13 998	8 758
Total Equity and Liabilities		504 811	756 732

Foundation for Church Led Restitution

Financial Statements for the year ended 28 February 2010

STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2010 R	2009 R
Revenue	5	332 339	148 773
Other income		-	15 000
Operating expenses		(630 316)	(468 292)
Operating deficit		(297 977)	(304 519)
Investment revenue	6	40 816	75 668
Deficit for the year		(257 161)	(228 851)
Other comprehensive income		-	-
Total comprehensive loss for the year		(257 161)	(228 851)

Foundation for Church Led Restitution

Financial Statements for the year ended 28 February 2010

STATEMENT OF CHANGES IN EQUITY

	Retained income R	Total equity R
Balance at 01 March 2008	976 825	976 825
Changes in equity		
Total comprehensive loss for the year	(228 851)	(228 851)
Total changes	(228 851)	(228 851)
Balance at 01 March 2009	747 974	747 974
Changes in equity		
Total comprehensive loss for the year	(257 161)	(257 161)
Total changes	(257 161)	(257 161)
Balance at 28 February 2010	490 813	490 813
Note(s)		

Foundation for Church Led Restitution

Financial Statements for the year ended 28 February 2010

STATEMENT OF CASH FLOWS

	Note(s)	2010 R	2009 R
Cash flows from operating activities			
Cash used in operations	9	(281 463)	(291 831)
Interest income		40 816	75 668
Net cash from operating activities		(240 647)	(216 163)
Cash flows from investing activities			
Purchase of equipment	2	-	(9 874)
Total cash movement for the year		(240 647)	(226 037)
Cash at the beginning of the year		735 675	961 712
Total cash at end of the year	3	495 028	735 675

Foundation for Church Led Restitution

Financial Statements for the year ended 28 February 2010

ACCOUNTING POLICIES

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standards, and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, 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, except for the changes set out in note 10 First-time adoption of the International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities.

1.1 Equipment

Equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Costs include costs incurred initially to acquire or construct an item of 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 equipment, the carrying amount of the replaced part is derecognised.

Equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the equipment, which is as follows:

Item	Average useful life
Furniture and fixtures	5 years
Office equipment	3 years
Computer equipment	3 years

The residual value, depreciation method and the useful life of each asset are reviewed at each annual reporting period if there are indicators present that there is a change from the previous estimate.

Each part of an item of equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.2 Impairment of assets

The Foundation assesses at each reporting period date whether there is any indication that an asset may be impaired. If any such indication exists, the Foundation estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Foundation also:

- tests goodwill, with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.3 Provisions and contingencies

Foundation for Church Led Restitution

Financial Statements for the year ended 28 February 2010

ACCOUNTING POLICIES

1.3 Provisions and contingencies (continued)

Provisions are recognised when:

- the Foundation has an obligation at the balance sheet date as a result of a past event;
- it is probable that the Foundation will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

1.4 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

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

Foundation for Church Led Restitution

Financial Statements for the year ended 28 February 2010

NOTES TO THE FINANCIAL STATEMENTS

	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	4 699	(2 847)	1 852	4 699	(1 907)	2 792
Office equipment	15 939	(14 295)	1 644	15 939	(9 035)	6 904
IT equipment	15 375	(9 088)	6 287	15 375	(4 014)	11 361
Total	36 013	(26 230)	9 783	36 013	(14 956)	21 057

Reconciliation of equipment - 2010

	Opening Balance	Depreciation	Total
Furniture and fixtures	2 792	(940)	1 852
Office equipment	6 904	(5 260)	1 644
IT equipment	11 361	(5 074)	6 287
	21 057	(11 274)	9 783

Reconciliation of equipment - 2009

	Opening Balance	Additions	Depreciation	Total
Furniture and fixtures	2 550	999	(757)	2 792
Office equipment	12 164	-	(5 260)	6 904
IT equipment	4 875	8 875	(2 389)	11 361
	19 589	9 874	(8 406)	21 057

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the foundation.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	495 028	735 675
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4. Trade and other payables

Trade payables	13 998	8 758
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5. Revenue

Donation Income	331 639	147 423
Membership Fees	700	1 350
	332 339	148 773

Foundation for Church Led Restitution

Financial Statements for the year ended 28 February 2010

NOTES TO THE FINANCIAL STATEMENTS

	2010 R	2009 R
6. Investment revenue		
Interest revenue		
Bank	40 816	75 668
7. Taxation		
No provision has been made for 2010 tax as the entity is exempt from taxation.		
8. Auditor's' remuneration		
Fees	5 700	3 990
9. Cash used in operations		
Loss before taxation	(257 161)	(228 851)
Adjustments for:		
Depreciation and amortisation	11 274	8 406
Interest received	(40 816)	(75 668)
Changes in working capital:		
Trade and other payables	5 240	4 282
	(281 463)	(291 831)

10. First-time adoption of the International Financial Reporting Standard for Small and Medium-sized Entities.

The organisation has applied the IFRS for Small and Medium-sized Entities, for the first time for the 2010 year end. On principle this standard has been applied retrospectively and the 2009 comparatives contained in these financial statements differ from those published in the financial statements published for the year ended 28 February 2009. The standard gives certain mandatory exemptions from this principle, and certain optional exemptions which have been detailed below. All adjustments were made to the opening comparative statement of financial position.

The date of transition was 01 March 2008 and the effect of the transition was as follows.

Foundation for Church Led Restitution

Financial Statements for the year ended 28 February 2010

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2010 R	2009 R
Revenue			
Donation Income		331 639	147 423
Membership Fees		700	1 350
	5	332 339	148 773
Other income			
Other income		-	15 000
Interest received	6	40 816	75 668
		40 816	90 668
Expenses (Refer to page 16)		(630 316)	(468 292)
Deficit for the year		(257 161)	(228 851)

Foundation for Church Led Restitution

Financial Statements for the year ended 28 February 2010

STATEMENT OF FINANCIAL PERFORMANCE

	Note(s)	2010 R	2009 R
Operating expenses			
Accounting fees		(14 906)	(6 895)
Advertising		(2 371)	(15 826)
Auditors remuneration	8	(5 700)	(3 990)
Bank charges		(3 572)	(2 097)
Commission paid		-	(1 500)
Computer expenses		(350)	(468)
Depreciation, amortisation and impairments		(11 274)	(8 406)
Donations		-	(68 850)
Employee costs		(488 808)	(291 905)
Entertainment		(3 944)	(4 493)
Workshops and Conferences		(4 143)	(18 593)
General Expenses		(3 675)	(1 704)
Internet		(435)	(375)
Fundraising costs		(1 026)	-
AGM and Governance expenses		(22 867)	-
Electricity and Water		(58)	-
Membership fees		-	(500)
Insurance		(3 391)	(2 074)
Legal expenses		(9 576)	-
Motor vehicle expenses		-	(767)
Postage		(322)	(290)
Printing and stationery		(10 682)	(19 687)
Repairs and maintenance		(80)	(85)
Telephone and fax		(11 417)	(5 485)
Travel - local		(31 719)	(14 302)
		(630 316)	(468 292)