Afrika Tikkun NPC

(Registration number 1998/015527/08)
Annual Financial Statements
for the year ended 31 December 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Early childhood and youth development services
Directors	AI Basserabie A Forman DY Hazdan MI Lubner WE Lucas-Bull M Maholwana AL Mayekiso N Radebe N Shabalala
Registered office	1st Floor, Eastwood 57 6th Road Hyde Park 2196
Postal address	PO Box 895 Saxonwold 2132
Auditors	BDO South Africa Incorporated Chartered Accountants (SA) Registered Auditors 52 Corlett Drive Wanderers Office Park Illovo 2196 Private Bag X28 Benmore 2010
Secretary	Sandra Saunders (Resigned 5 March 2020)
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008
Preparer	The annual financial statements were prepared under the supervision of : Stephenson Tapera (CIMA)

Index

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

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

Chairman's Report

Chairman's Message

We are extremely proud to have reached our 25th Anniversary in 2019, and to reflect on the tremendous value we have been able to add to our very many beneficiaries and their families over the last 25 years. At this time it is appropriate to remember and pay tribute to our founders, in particular, the late Bertie Lubner and late Chief Rabbi Cyril Harris, as well as the other founders, Ann Harris, Herby Rosenberg and Arnold Foreman, and are humbled to be privileged to continue to give effect to their admirable vision, focus and determination to change the lives of our beneficiary communities. Over the last 25 years we have materially improved the lives of approximately 250,000 beneficiaries and their families who we believe are today playing a significant role in South African society.

Whilst 2019 served as a year of reflection on our history, it was also a lesson in navigating difficult socio-economic realities. We began the year with a sobering unemployment rate in the country of 27.6% for the first quarter of 2019 and an unsustainably low GDP growth projection. August and September brought us far too many instances of violence perpetrated against women and children. The social climate was also fueled by xenophobic events and a palpable sense of fear in some communities, including those in which we work.

Naturally, amidst all of this, Afrika Tikkun needed to consider not only the financial implications of a depressed economy but the social impact of these dynamics on our communities. I'm happy to report that under the executive leadership of CEO Marc Lubner, Deputy CEO Alef Meulenberg and members of the top management team, we succeeded in meeting some challenging and ambitious objectives. Their actions and activities ensured our financial sustainability, visibility and relevance to our donors, partners and communities.

Afrika Tikkun's Board has undergone a number of positive developments, including a change in its gender, racial and age composition that harnesses the expertise and diversity of the people of South Africa. We welcomed Nokwanda Shabalala, Ntombehle Radebe and Dr Mandisa Maholwana to our Board, which now consists of five women (four black and one white) and four white men. Half the Board is under 60 years of age, putting us in a great position to respond to the needs and priorities of the younger generation. Our Board members remain predominantly independent and non-executive, prepared to voluntarily give their time and talents in a way that remains objective and focused on our overall vision – to economically empower children and young people.

We were very pleased with the implementation and success of Afrika Tikkun's 2019 strategy and its impact on our communities, which are dealt with more fully in Marc's CEO Report. Further, our organization continues to place significant emphasis on governance, risk management and mitigation. Our Risk and Audit Committee and Human Capital Committee each met three times in 2019. These Committees provided sound guidance to management and ensured ongoing vigilance over our various areas of activity.

We are pleased with the impact Alef Meulenberg has had since joining Afrika Tikkun in June 2019 as Deputy CEO. His wealth of experience in the NGO sector has complemented our 25 years in the field of child and youth development, and he has added much value to the growth and development of our management team. We also take this opportunity to commend the UK Afrika Tikkun team, which during 2019 supported many programs, maintained positive donor relationships and implemented successful fundraising campaigns that resulted in R30m being raised for our organization. We would also like to congratulate the US office for, among many successes last year, the Legacy Celebration in honour of Steve Collis which was attended by over 170 local supporters. Steve Collis is an ex South African and President and CEO of Amerisource Bergen in the USA, who has supported Afrika Tikkun for a number of years. Similarly, we are pleased with the employment of Elizabeth Whitney Rubel as Executive Director of our USA affiliate Afrika Tikkun operation and trust she will be the much needed asset that organization requires to build on the reputation of Afrika Tikkun in the USA.

We recently bade farewell to our Company Secretary, Sandra Saunders, who proved most valuable in her tenure, and wish her all the best in the new chapter of her life. We would also like to thank Peet van der Walt very much for his wise input and counsel during his many years as a board member, on both the Board and the Human Capital committees. We wish him well in his international endeavors.

At the time of writing this Report we note that our country, and indeed the whole world, has been beset with the most unwelcome coronavirus in the form of Covid-19, which has had a devastating effect on just about every country's health and economic systems, with the duration and extent of the impact still unknown. To date, we are grateful that South Africa's incidence of cases and fatality rate are relatively very low compared to other countries in Africa and the world, and we hope that our Government's carefully considered measures will diminish the likely spread of the virus and the negative economic impact thereof.

Chairman's Report

I compliment the vigorous and pro-active role that Afrika Tikkun has played in assisting the Solidarity Fund, and in its own right, in distributing tens of thousands of food parcels, masks, sanitizers and other essential equipment to our communities, and in supporting them in many other ways.

Once again, we thank Marc for his dynamic and enthusiastic leadership and his talented team for securing our place as a tireless catalyst for positive change in the social and economic upliftment of township communities. I would also like to sincerely thank our Board members for their insightful and valuable contributions to our extensive and exciting deliberations

Arnold Basserabie
Chairman

Chief Executive Officer's Report

It's been a decade since Afrika Tikkun launched its Cradle to Career 360° model of development; taking young South Africans on a journey of support from early childhood nutrition and development through education and into workplace readiness. It's a model premised on the notion that children well prepared over the course of their formative years from early infancy to young adulthood are better equipped to successfully find employment or have an above-average entrepreneurial potential to start their own small business.

We continue to build on a decade of positive growth financially but more importantly, through a measured impact on all of our beneficiaries in all support programmes. Our nutritional testing reflects positively, and our Afrika Tikkun-supported children are entering school emotionally and intellectually prepared. Our matriculation results are at an all-time high, exceeding 92% with 50% of our 2019 leaners receiving university exemption. Our sports teams are winning trophies and overall Afrika Tikkun spirit is high.

It's no secret that youth employment is at an all-time low providing very little opportunity for economic empowerment for our graduates, resulting in more Afrika Tikkun graduates entering work experience opportunities through YES initiatives, and learnerships rather than full-time employment.

We remain nimble to provide the support our grads need and are re-fashioning our career development efforts to focus on those industry sectors more likely to offer future employment within a depressed environment. This requires greater emphasis on computer and other technical and digital education to support 4iR opportunities; skills often needing an aptitude developed at an early age. We've made the proactive decision to invest in the requisite technology education and have introduced basic computer skills in our pre-school programmes and created a set of progressive technical development programmes targeting various age groups all of which lead to basic and advanced coding knowledge for further career development.

Non-technical career skills were also identified and trained for where opportunities were apparent.

Hair and beauty training courses offering both beautician and basic business skills were taught to young people in a programme with successful results. Over half of our graduates found formal employment on completion, and many others launched their own small home-based studios.

Enhanced career development initiatives require enhanced infrastructure. As such, Afrika Tikkun made significant capex investment over the past year into buildings, computer equipment and teaching aids. In addition, further classrooms were built for our expanding Early Childhood Centre activities in Diepsloot and Youth development activities in Orange Farm, and additional career development training facilities in Mfuleni.

These improvements, and additional assets, were funded by cash reserves and appropriately capitalised, with our balance sheet reflecting the movement, reducing cash and adding to our fixed assets.

Our staff; those men and women who ensure that this organisation runs as effectively as it does, recorded increased staff satisfaction scores this year, moving from 65% to 72%. Salaries and wages remain the primary concern for our people. Afrika Tikkun continues to strive to recognise and reward its people through salaries and additional benefits not typical in the NGO sector. It is worth noting that we introduced a minimum wage before it was legislated, and continue to keep our operating costs well below market norms.

Financially, the organisation has performed well. Total income grew 15%, from R109.6 million in 2018 to R126.6 million in 2019, primarily as a result of an increase in donations of R16 million. The increase was attributable to extraordinary funds received from the Belron Group once again, as well as from new corporate donors in South Africa. US operations met their targeted contribution of R2 million (R1.4m in 2018).

Operating costs at head office decreased from 12.4% in 2018 to 10.1% in 2019, reflecting improved efficiencies, particularly from the financial and admin departments, due to the late employment of a Marketing Manager affected in 2020. The responsibilities of a Marketing Manager were delegated to existing staff members without having to pay additional costs.

Net equity was enhanced from R35.3 million to R36.5 million. Cash reserves declined from R48 million to R41 million, due to the extraordinary refurbishment at certain centres, and the necessary investments into assets such as additional computers, refurbishment of computer rooms and the construction of our hair and beauty training centre, as well as additional class rooms.

The most significant management change over the past year was the appointment of Alef Meulenberg in June as Deputy CEO at Afrika Tikkun NPC where the CEO requires senior strategic support due to growing operations. The need to focus specifically on the development of our not-for-profit entity required enhanced attention as the other entities within the Afrika Tikkun environment were also showing significant growth. Alef comes with a successful history in both social impact and community upliftment. Rhiza Babuyile, the organisation he founded, has been a positive strategic partner for Afrika Tikkun's career development interventions, meaning his appointment was well received by staff and beneficiaries alike. Alef's hands-on practical and engaging style is complemented by his quiet get-the-job-done attitude, and he immediately had a most positive impact both within and external to Afrika Tikkun.

Chief Executive Officer's Report

The opportunities and challenges for 2020 were originally considered and planned for in light of normal, sluggish and slightly depressed economic conditions. We had considered that ongoing positive growth could be attained through expanding our unique Cradle to Career model to other NGOs in other regions within South Africa and further afield. But since those original plans were laid at the end of this financial year, Afrika Tikkun, South Africa, the world and humanity has been turned on its head.

The outbreak of Covid-19 and effective from Mid-March 2020 has had a material impact on our organisation. Government policy enforced the closure of our township-based centres and central office. We had to quickly respond with a way to continue supporting our young Tikkun "wards" as best we could. Approximately 9,000 centre attendees and 500 staff were sent home to lockdown with a month's supply of food, masks and sanitizer and instructions on how best to manage this situation.

We're dealing with a pandemic that threatens to kill thousands, if not millions, of South Africans, not because of the virus but because our stringent lockdown conditions that are affecting access to food and pushing South Africans to the brink of starvation. We, therefore, recognised the need to do more than simply support our usual community and have redeployed our resources to providing critical services to the broader township communities we serve.

Immediate fund-raising efforts enabled us to secure sufficient monies, together with a contract from The Solidarity Fund, to supply 50,000 food parcels, including masks and sanitisers. Deliveries have been made directly to shacks for the elderly and physically challenged and into flats in the heart of Johannesburg city to residents who could not access our centres.

The year ahead for Afrika Tikkun now looks uncertain. Not because of our sustainability but simply because we will have to remain fleet-footed in a fast-evolving environment, and respond rapidly to continue to provide the support that our communities have come to expect from us.

Our teachers have become caregivers, our nurses Covid testers, our drivers are now logistics specialists and management has turned its efforts towards meeting the challenge of food security and hygiene safety in an extraordinary manner. Our key focus remains on cradle to career programmes but just differently, plans are underway to convert many of our Cradle to Career programmes to online platforms, offering remote teaching, career development programmes and further skills training.

Risk analysis exercises are underway to determine the possible impact on the organisation and appropriate plans are being formulated to ensure ongoing viability and relevance of all operations. Afrika Tikkun remains financially sound as a result of successful fundraising and cost containment, despite all extraordinary activity.

The significant change in our external environment requires management thinking that is agile and adaptable and I feel confident that our organisation possesses these qualities which, combined with the sound and practical guidance from our Board of Directors, bodes well for our future.

Our only certainty now is that we can only continue to achieve what we do through the collaborative relationships we have with corporate South Africa, government departments, and other areas of civil society. It's these partnerships, and the valuable support we receive from corporates and individuals alike that ensure Afrika Tikkun can continue to create greater prosperity for all. And for this, we thank our partners, funders and broader communities and commit that in the uncertain times we face, this organisation will continue to provide the much-needed support we've always done.

My sincere thanks to our Chairman, Arnold Basserabie, and all board members and to the remarkable team of Afrika Tikkuners who prove, once again, to be winners in every situation.

Marc Lubner

14/05/2020

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act 71 of 2008 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 fairly present the state of affairs of the organisation 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. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards 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 organisation\ and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit 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 organisation's 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.

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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The directors have reviewed the organisation's cash flow forecast for the year to 31 December 2020 and, in light of this review and the current financial position, they are satisfied that the organisation has or had 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 organisation's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 8 to 9.

The annual financial statements set out on pages 12 to 35, which have been prepared on the going concern basis, were approved by the board on 28 May 2020 and were signed on their behalf by:

Approval of financial statements

Director	**Director**

Johannesburg

28 May 2020

BDO

Independent Auditor's Report

To the shareholders of

Afrika Tikkun NPC

Opinion

We have audited the financial statements of Afrika Tikkun NPC (the company) set out on pages 12 to 34, which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss and other 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, the financial statements present fairly, in all material respects, the financial position of Afrika Tikkun NPC as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

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 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 opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Afrika Tikkun NPC Annual Financial Statements for the year ended 31 December 2019", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Standards and the requirements of the Companies Act of South Africa, 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 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 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.

BDO South Africa Inc.

BDO South Africa Incorporated
Registered Auditors

K A Luck
Director
Registered Auditor

02 July 2020

Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Afrika Tikkun NPC for the year ended 31 December 2019.

1. Nature of business

The organisation is a "non-profit" organisation as prescribed by the Companies Act of South Africa.

The organisation's vision is to enable the economic empowerment of South African young people by tackling the socio-economic drivers that make it difficult for them to break away from the cycle of poverty. With an investment in five (5) community-based centres and one (1) skills centre in under- resourced communities over the last 25 years the organisation has been able to afford young people the opportunity to be empowered from cradle to career, (The Cradle-to- Career 360- model) by supporting them from infancy into adulthood and employment so that that they become economically productive. The model works within the context of the family providing services to young people from 2 years of age, through school-going age and into the world of work. The model consists of three core programmes which are supported by various ancillary social and psychosocial support services, and comprise:-

- The Early Childhood Development Programme which focuses on achieving age-appropriate development for children aged 2-6 years;
- The Child and Youth Development Programme which provides career and leadership development, educational support and value-based support to young people of school-going age;
- The Career Development Programme which provides career guidance, job readiness training, industry-specific specialised training (Retail, Hospitality, and ICT), job placement (entry level jobs, learnership, and work experience opportunities) and bursaries for further learning. These activities enable young people aged 17-35 to access economic opportunities after finishing high school.

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 annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year, except for the new standards and interpretations adopted in the current year (refer to note 3).

The surplus of the organisation was R 143 596 (2018: R 2 608 655).

3. Directorate

The directors in office for the financial year were as follows:

Directors	Office	Designation	Changes
AI Basserabie	Chairperson	Non-executive	
A Forman		Non-executive	
DY Hazdan		Non-executive	
MI Lubner	Chief Executive Officer	Executive	
WE Lucas-Bull		Non-executive	
M Maholwana		Non-executive	Appointed 12 July 2019
AL Mayekiso		Non-executive	
N Radebe		Non-executive	Appointed 12 July 2019
N Shabalala		Non-executive	Appointed 12 July 2019
PJ van de Walt		Non-executive	Resigned 22 February 2020

Directors' Report

4. Going concern

The directors believe that the organisation has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the organisation 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 material changes that may adversely impact the organisation. 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 organisation.

In reaching at this conclusion the Directors also considered the impact of the subsequent events as described below:

5. Events after the reporting period

The spread of COVID-19 has severely impacted many local and international economies including that of South Africa. The South African government responded by announcing measures to contain the spread of the virus, including travel bans,quarantines, social distancing, and closures of non-essential services. These measures have triggered significant disruptions to business countrywide, resulting in economic slow down.

The company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and performance as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact.

During 2020 the global economy was impacted by the outbreak of COVID-19. Businesses were forced to cease or limit operations for long or indefinite periods of time. The lock down measures announced by government became effective on 26 March 2020 and have been extended with some recent relaxation on the restrictions, the benefits of which it is too soon to estimate.

The company was granted an essential services permit which subsequently saw the re-purposing of our community based centres to be distribution centres of food parcels and other essentials.

The government and the central bank have responded with monetary and fiscal interventions to stabilise the economy, however the duration and impact of COVID-19 pandemic, as well as the effectiveness of government and central bank responses remains unclear at this time. It is not possible to reliably estimate the duration and severity of the pandemic consequences, as well as their impact on the financial position and results of the Company for future periods.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

6. Auditors

BDO South Africa Incorporated continued in office as auditors for the organisation for 2019.

7. Secretary

The organisation's secretary Mrs Sandra Saunders resigned on the 5 March 2020 and a replacement is being sought.

Statement of Financial Position as at 31 December 2019

Figures in Rand	Notes	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	4	8 734 617	1 806 679
Right-of-use assets	5	2 470 702	-
		11 205 319	**1 806 679**
Current Assets			
Trade and other receivables	6	6 970 320	1 415 508
Cash and cash equivalents	7	40 894 508	48 403 504
		47 864 828	**49 819 012**
Total Assets		**59 070 147**	**51 625 691**
Equity and Liabilities			
Equity			
Retained surplus		36 538 431	37 964 769
Liabilities			
Non-Current Liabilities			
Lease liability	5	2 606 879	-
Current Liabilities			
Trade and other payables	8	17 402 768	12 991 551
Lease liability	5	1 623 353	-
Provisions	9	898 716	669 371
		19 924 837	**13 660 922**
Total Liabilities		**22 531 716**	**13 660 922**
Total Equity and Liabilities		**59 070 147**	**51 625 691**

Statement of Surplus or Deficit and Other Comprehensive Income

Figures in Rand	Notes	2019	2018
Donations received	10	116 444 063	100 936 944
Operating income	11	7 311 518	5 514 332
Operating expenses	12	(125 901 761)	(107 074 337)
Operating deficit	12	**(2 146 180)**	**(623 061)**
Investment income	13	2 900 824	3 232 501
Finance costs	14	(611 048)	(785)
Surplus for the year		**143 596**	**2 608 655**

Statement of Changes in Equity

Figures in Rand	Retained surplus
Balance at 1 January 2018	**35 356 114**
Surplus for the year	2 608 655
Balance at 1 January 2019	**37 964 769**
Surplus for the year	143 596
IFRS 16 adjustment (Note 2)	(1 569 934)
Balance at 31 December 2019	**36 538 431**

Statement of Cash Flows

Figures in Rand	Notes	2019	2018
Cash flows from operating activities			
Cash utilised in operations	16	(191 301)	(4 174 793)
Interest income		2 900 824	3 232 501
Finance costs		(611 048)	(785)
Net cash from operating activities		**2 098 475**	**(943 077)**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(8 899 935)	(846 782)
Sale of property, plant and equipment	4	184 942	52 882
Net cash from investing activities		**(8 714 993)**	**(793 900)**
Cash flows from financing activities			
Principal paid on leases liability		(892 478)	-
Total cash movement for the year		**(7 508 996)**	**(1 736 977)**
Cash at the beginning of the year		48 403 504	50 140 481
Total cash at end of the year	7	**40 894 508**	**48 403 504**

Accounting Policies

1. Presentation of annual financial statements

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act 71 of 2008 of South Africa, as amended.

These annual financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the organisation's functional currency.

These accounting policies are consistent with the previous period, except for the adoption of IFRS 16 as per note 2.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Other receivables

The company assesses its other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

1.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the organisation holds for its own use and which are expected to be used for more than one year.

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 organisation, and the cost of the item can be measured reliably.

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

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

Item	Depreciation method	Average useful life
Computer Software	Straight line	3 years
IT equipment	Straight line	3 years
Leasehold improvements	Straight line	5 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Accounting Policies

1.3 Property, plant and equipment (continued)

The depreciation charge for each year is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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 deficit 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 surplus or deficit when the item is derecognised.

1.4 Financial instruments

Financial instruments held by the organisation are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the organisation ,as applicable, are as follows:

Financial assets which are debt instruments:
- Amortised cost.

Financial liabilities:
- Amortised cost; or

Note 19 Financial instruments and risk management presents the financial instruments held by the organisation based on their specific classifications.

All regular purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the organisation are presented below:

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 6).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the organisation's business model is to collect the contractual cash flows on trade and other receivables.

Trade and other receivables are carried at amortised cost less impairments and are assessed at each reporting date to determine whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence that trade and other receivables are impaired includes default or delinquency by a debtor, restructuring of an amount due to the entity on terms that the entity would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Any changes in impairment losses are recognised in surplus or deficit and reflected in an allowance account against trade and other receivables. For the comparative period, an impairment loss in respect of trade and other receivables measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate.

Financial liabilities

Classification

Financial liabilities (note 8), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost applying the effective interest method..

Accounting Policies

1.4 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at fair value.

1.5 Leases

The organisation assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the organisation has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Company as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the organisation is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the organisation recognises the lease payments as an operating expense (note 12) on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the organisation has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the organisation is a lessee are presented in note 5 Leases (organisation as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the organisation uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the organisation under residual value guarantees;
- the exercise price of purchase options, if the organisation is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the organisation is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 5).

Accounting Policies

1.5 Leases (continued)

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 14).

The organisation remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the organisation will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in surplus or deficit if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the organisation incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the organisation expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Accounting Policies

1.6 Leases (Comparatives under IAS 17)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.7 Impairment of assets

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

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.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment deficit.

An impairment deficit of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment deficit of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment deficit recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment deficit does not exceed the carrying amount that would have been determined had no impairment deficit been recognised for the asset in prior periods.

A reversal of an impairment deficit of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment deficit of a revalued asset is treated as a revaluation increase.

Accounting Policies

1.8 Employee benefits

Staff Saving Scheme

Both the organisation and qualifying employees contribute towards a staff saving scheme. The organisation's contribution to the scheme is recognised in the period in which the service is rendered.

Life, sickness and disability cover

Qualifying employees are insured under the company's life, sickness and disability insurance scheme. The cost of this insurance is recognised in the period in which the service is rendered.

1.9 Provisions and contingencies

Provisions are recognised when:

- the organisation has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

1.10 Revenue and other income

Revenue comprises the fair value of the consideration received or receivable from donations. Other income comprises fundraising activities and investments. Income is recognised as follows:

Non-designated funds (Donations)

Donations are accounted for on a cash receipt basis.

Designated funds (Donations)

Designated funds received and not spent in the current year are deferred and recognised in trade and other payables. Designated funds are those funds the use of which is restricted by the donor for specific projects.

Donations in kind (Designated and non-designated)

Donations in kind (asset or service) are recognised at fair value on the date of receipt.

Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

Dividend income

Dividend income is recognised when the right to receive payment is established.

1.11 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Annual Financial Statements

2. Changes in accounting policy

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 16 Leases

In the current year, the company has adopted IFRS 16 Leases (as issued by the IASB in January 2016) with the date of initial application being 01 January 2019. IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases - Incentives and SIC 27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in the accounting policy for leases. The impact of the adoption of IFRS 16 on the company's annual financial statements is described below.

The organisation has applied the practical application available in IFRS 16 which provides that for contracts which exist at the initial application date, an entity is not required to reassess whether they contain a lease. This means that the practical application allows an entity to apply IFRS 16 to contracts identified by IAS 17 and IFRIC 4 as containing leases; and to not apply IFRS 16 to contracts that were not previously identified by IAS 17 and IFRIC 4 as containing leases.

IFRS 16 has been adopted by applying the modified retrospective approach, whereby the comparative figures are not restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings as at 01 January 2019.

Leases where company is lessee

Leases previously classified as operating leases

The organisation undertook the following at the date of initial application for leases which were previously recognised as operating leases:

- recognised a lease liability, measured at the present value of the remaining lease payments, discounted at the organisation's incremental borrowing rate at the date of initial application.
- recognised right-of-use assets measured on a lease by lease basis, at either the carrying amount (as if IFRS 16 applied from commencement date but discounted at the incremental borrowing rate at the date of initial application) or at an amount equal to the lease liability adjusted for accruals or prepayments relating to that lease prior to the date of initial application.

The organisation applied IAS 36 to consider if these right-of-use assets are impaired as at the date of initial application.

The organisation applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases in terms of IAS 17. Where necessary, they have been applied on a lease by lease basis:

- when a portfolio of leases contained reasonably similar characteristics, the organisation applied a single discount rate to that portfolio;
- leases which were expiring within 12 months of 01 January 2019 were treated as short term leases, with remaining lease payments recognised as an expense on a straight-line basis or another systematic basis which is more representative of the pattern of benefits consumed;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application.
- hindsight was applied where appropriate. This was specifically the case for determining the lease term for leases which contained extension or termination options.

Leases previously classified as finance leases

For leases that were classified as finance leases applying IAS 17, the organisation measured the carrying amount of the right-of-use asset and the lease liability at the date of initial application as the carrying amount of the leased asset and lease liability immediately before that date measured applying IAS 17. For those leases, the organisation accounts for the right-of-use asset and the lease liability applying IFRS 16 from the date of initial application.

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

2. Changes in accounting policy (continued)

Impact on financial statements

The company has also elected not to apply IFRS 16 on short term leases or leases for which the underlying asset is of low value. The lease payments associated with those leases have been recognised as an expense on a systematic basis.

Set out below are disclosures relating to the impact of the adoption of IFRS 16 on the company.

Statement of Changes in Equity

Retained surplus

Opening balance 1 January 2019	37 964 769	-
Surplus for the year	143 596	-
IFRS 16 adjustment	(1 569 934)	-
Balance 31 December 2019	**36 538 431**	**-**

Statement of Financial Position
1 January 2019

Non- Current Assets		
Right of use of assets	3 552 776	-
Non-Current Liabilities		
Leasing Liabilities	(5 122 716)	-

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

- Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.
- The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.
- The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.
- The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.
- The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.
- Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in surplus or deficit.

Notes to the Annual Financial Statements

3. New Standards and Interpretations (continued)

- The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.
- The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.
- Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or deficit relating to the full or partial termination of the lease is recognised in surplus or deficit. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.
- Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

- Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.
- A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.
- If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.
- Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

- In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.
- If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16
- If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after 01 January 2019.

The company has adopted the standard for the first time in the 2019 annual financial statements.

The impact of the standard is not material.

Notes to the Annual Financial Statements

3. New Standards and Interpretations (continued)

3.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after 01 January 2020 or later periods but are not relevant to its operations:

Presentation of Financial Statements: Disclosure initiative

The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The company does not envisage the adoption of the amendment until such time as it becomes applicable to the company's operations.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative

The amendment clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The company does not envisage the adoption of the amendment until such time as it becomes applicable to the company's operations.

It is unlikely that the amendment will have a material impact on the company's annual financial statements.

Notes to the Annual Financial Statements

4. Property, plant and equipment

	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Motor vehicles	2 105 521	(1 262 164)	843 357	1 938 683	(1 163 085)	775 598
Office equipment	1 163 284	(309 176)	854 108	261 177	(100 730)	160 447
IT equipment	3 080 415	(995 948)	2 084 467	570 847	(314 946)	255 901
Computer software	19 202	(14 257)	4 945	19 202	(7 921)	11 281
Leasehold improvements	6 229 191	(1 281 451)	4 947 740	1 221 832	(618 380)	603 452
Total	**12 597 613**	**(3 862 996)**	**8 734 617**	**4 011 741**	**(2 205 062)**	**1 806 679**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Scrapping of assets	Depreciation	Total
Computer software	11 281	-	-	(6 336)	4 945
IT equipment	255 901	2 541 887	-	(713 321)	2 084 467
Leasehold improvements	603 452	5 007 359	-	(663 071)	4 947 740
Motor vehicles	775 598	410 372	(121 767)	(220 846)	843 357
Office equipment	160 447	940 317	-	(246 656)	854 108
	1 806 679	**8 899 935**	**(121 767)**	**(1 850 230)**	**8 734 617**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Scrapping of assets	Depreciation	Total
Computer software	17 618	-	-	(6 337)	11 281
IT equipment	318 310	111 473	(10 459)	(163 423)	255 901
Leasehold improvements	810 100	-	-	(206 648)	603 452
Motor vehicles	333 646	622 189	-	(180 237)	775 598
Office equipment	76 884	113 120	(7 750)	(21 807)	160 447
	1 556 558	**846 782**	**(18 209)**	**(578 452)**	**1 806 679**

A fixed asset register in terms of Regulation 25(3) of the Companies Act is maintained by the company at the registered office.

Property, Plant and equipment purchased at a cost of R860k in 2017 & 2018 for projects were previously expensed through the income statement in full as project costs. In 2019 these costs were correctly capitalised as assets and disclosed in the statement of financial position.

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

5. Leases (company as lessee)

Details pertaining to leasing arrangements, where the company is lessee are presented below:

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

Buildings	2 470 702	-

Additions to right-of-use assets

Buildings	3 552 776	-

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in surplus or deficit (note 12).

Buildings	1 082 074	-

Reconciliation of right of use asset

Balance at the beginning of the year	1 097 217	-
Additions during the year	2 455 560	-
Less depreciation for the year	(1 082 074)	-
	2 470 703	**-**

Lease liability

The maturity analysis of lease liabilities is as follows:

Within one year	1 623 353	-
Two to five years	2 571 999	-
More than five years	605 407	-
	4 800 759	-
Less finance charges component	(570 527)	-
	4 230 232	**-**
Non-current liabilities	2 606 879	-
Current liabilities	1 623 353	-
	4 230 232	**-**

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

5. Leases (company as lessee) (continued)

Comparative information for lease liabilities under IAS 17

The information presented for lease liabilities for the comparative period has been prepared on the basis of IAS 17, and therefore only represents the liability as at that date for finance leases and not for operating leases. In addition to the information presented in the table above, IAS 17 required an entity to present a reconciliation of the present value of lease payments for finance leases. This information is presented in the table which follows:

Present value of minimum lease payments due		
- within 1 year		1 151 410
- in second to fifth year inclusive		2 262 256
		3 413 666

6. Trade and other receivables

Financial instruments:		
Other receivables	2 643 114	1 224 232
Loss allowance	(436 437)	(352 660)
Trade receivables at amortised cost	2 206 677	871 572
Non-financial instruments:		
Value added taxation	4 763 643	543 936
Total trade and other receivables	**6 970 320**	**1 415 508**

Split between non-current and current portions

Current assets	6 970 320	1 415 508

Financial instrument and non-financial instrument components of trade and other receivables

At amortised cost	2 206 677	871 572
Non-financial instruments	4 763 643	543 936
	6 970 320	**1 415 508**

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	9 770	9 027
Bank balances	40 884 738	48 394 477
	40 894 508	**48 403 504**

To ensure that the organisation is sustainable and not in a vulnerable position given the unpredictable nature of fund raising, the organisation's policy is to strive to have sufficient cash on hand to meet approximately six months of core operating expenditure, excluding designated expenditure and donations in kind.

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

8. Trade and other payables

Financial instruments:		
Designated funds	11 955 989	9 198 435
Employee savings scheme	1 848 980	1 127 041
Payroll accruals	720 878	589 718
Trade payables	2 876 921	2 076 357
	17 402 768	**12 991 551**

Financial instrument and non-financial instrument components of trade and other payables

At amortised cost	17 402 768	12 991 545

Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts.

9. Provisions

Reconciliation of provisions - 2019

	Opening balance	Additions	Utilised during the year	Total
Provision for leave pay	669 371	2 632 413	(2 403 068)	898 716

Reconciliation of provisions - 2018

	Opening balance	Additions	Utilised during the year	Total
Provision for leave pay	700 923	1 635 712	(1 667 264)	669 371

10. Donations received

Revenue from contracts with customers		
Donations in kind	8 669 790	12 847 871
Donations received	107 774 273	88 089 073
	116 444 063	**100 936 944**

11. Other operating income

Child and youth development contributions	341 142	283 112
Early childhood development contributions	2 891 629	2 289 310
Events and other income	1 176 950	1 548 029
Recoveries of payments in respect of shared services	2 901 797	1 393 881
	7 311 518	**5 514 332**

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

12. Operating surplus (deficit)

Operating surplus for the year is stated after charging (crediting) the following, amongst others:

Expenses by nature

Employee costs	59 639 361	54 523 503
Lease expenses	-	1 388 409
Depreciation	2 932 303	578 452
Other expenses	63 330 097	50 583 973
	125 901 761	**107 074 337**

13. Investment income

Interest income		
Investments in financial assets:		
Bank and other cash	2 900 824	3 232 501

14. Finance costs

Interest IFRS 16	570 527	-
Interest paid	40 521	785
Total finance costs	**611 048**	**785**

15. Taxation

The association has been approved as a public benefit organisation in terms of Section 30 of the Income Tax Act, and the receipts and accruals are exempt from income tax in terms of Section 10(1) (cN) of the Act. 21

16. Cash utilised in operations

Surplus before taxation	143 596	2 608 655
Adjustments for:		
Depreciation	2 932 304	578 452
Surplus on disposal of property, plant and equipment	(63 175)	(34 673)
Interest income	(2 900 824)	(3 232 501)
Finance costs	611 048	785
Movements in provisions	229 345	(31 552)
Changes in working capital:		
Trade and other receivables	(5 554 812)	(28 166)
Trade and other payables	4 411 217	(4 035 793)
	(191 301)	**(4 174 793)**

17. Related parties

Relationships

Afrika Tikkun Investment Trust
Afrika Tikkun NPC is the sole beneficiary of Afrika Tikkun Investment Trust
Afrika Tikkun Services Proprietary Limited wholly owned by Afrika Tikkun Investment Trust
Entity controlled by key management - Lubman Proprietary Limited
Key management - Marc Ian Lubner

Appropriate controls are in place to manage related parties and related party transactions.

Notes to the Annual Financial Statements

Figures in Rand	2019	2018

17. Related parties (continued)

Related party balances

Amounts included in trade payable regarding related parties

Afrika Tikkun Services Proprietary Limited	980 259	3 000
Lubman Proprietary Limited	31 238	-
	1 011 497	**3 000**

Amounts included in trade receivables regarding related parties

Afrika Tikkun Services Proprietary Limited	1 249 028	255 415
Afrika Tikkun Investment Trust	78 520	11 609
Lubman Proprietary Limited	3 261	-
Marc Ian Lubner	2 000	-
	1 332 809	**267 024**

Related party transactions

Career development implementation costs paid to related party *		
Afrika Tikkun Services Proprietary Limited	22 700 139	370 226

* Afrika Tikkun NPC entered into an agreement with Afrika Tikkun Services Proprietary Limited, whereby Afrika Tikkun Services is contracted to provide Career Development and Placement services in line with the specifications as set out in the service level agreement.

Rent received from related parties

Afrika Tikkun Investment Trust	20 399	42 893
Afrika Tikkun Services Proprietary Limited	251 098	-
	271 497	**42 893**

Rent paid to related party

Lubman Proprietary Limited (sub-let at cost)	234 575	185 535

Net shared services recovered from related parties at cost

Afrika Tikkun Investment Trust	133 713	165 846
Afrika Tikkun Services Proprietary Limited	2 795 252	1 387 564
	2 928 965	**1 553 410**

Shared services paid to related party at cost

Lubman Proprietary Limited	437 437	435 286

Notes to the Annual Financial Statements

18. Directors' emoluments

Executive

2019

	Emoluments	Medical aid	Expense allowance	Other benefits	Performance award	Total
Ml Lubner	1 487 588	151 044	264 600	156 827	36 355	2 096 414

2018

	Emoluments	Medical aid	Expense allowance	Other benefits	Performance award	Total
Ml Lubner	1 371 254	151 044	264 600	51 185	110 000	1 948 083

19. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2019

	Notes	**Amortised cost**	**Total**
Trade and other receivables	6	2 206 677	2 206 677
Cash and cash equivalents	7	40 894 508	40 894 508
		43 101 185	**43 101 185**

2018

	Notes	**Amortised cost**	**Total**
Trade and other receivables	6	868 572	868 572
Cash and cash equivalents	7	48 403 504	48 403 504
		49 272 076	**49 272 076**

Notes to the Annual Financial Statements

19. Financial instruments and risk management (continued)

Categories of financial liabilities

2019

	Note	Amortised cost	Total
Trade and other payables	8	17 402 768	17 402 768

2018

	Note	Amortised cost	Total
Trade and other payables	8	12 991 551	12 991 551

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:

- Liquidity risk
- Interest risk rate

Liquidity risk

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

2019

		Less than 1 year
Current liabilities		
Trade and other payables	8	17 402 768

2018

		Less than 1 year
Current liabilities		
Trade and other payables	8	12 991 551

Notes to the Annual Financial Statements

19. Financial instruments and risk management (continued)

Interest rate risk

The company is exposed to interest rate risk as it receives and places funds.

If the average interest rate during the year is higher or lower by 1%, the surplus before tax would be higher or lower by R 446 000 (2018: R 493 000).

Cash and cash equivalents	40 894 508	48 403 504

20. 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.

In reaching this conclusion the Directors also considered the impact of the subsequent events as described below:

21. Events after the reporting period

The spread of COVID-19 has severely impacted many local and international economies including that of South Africa. The South African government responded by announcing measures to contain the spread of the virus, including travel bans,quarantines, social distancing, and closures of non-essential services. These measures have triggered significant disruptions to business countrywide, resulting in economic slow down.

The company has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and performance as of and for the year ended 31 December 2019 have not been adjusted to reflect their impact.

During 2020 the global economy was impacted by the outbreak of COVID-19. Businesses were forced to cease or limit operations for long or indefinite periods of time. The lock down measures announced by government became effective on 26 March 2020 and have been extended with some recent relaxation on the restrictions, the benefits of which it is too soon to estimate.

The company was granted an essential services permit which subsequently saw the re-purposing of our community based centres to be distribution centres of food parcels and other essentials.

The government and the central bank have responded with monetary and fiscal interventions to stabilise the economy, however the duration and impact of COVID-19 pandemic, as well as the effectiveness of government and central bank responses remains unclear at this time. It is not possible to reliably estimate the duration and severity of the pandemic consequences, as well as their impact on the financial position and results of the Company for future periods.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

AFRIKA TIKKUN NPC

COMPREHENSIVE OPERATING STATEMENT

Year ended 31 December 2019

	2019 Total	2018 Total
	R	R
Total income received	**126 656 405**	**109 683 777**
Donations raised	116 444 063	100 936 944
Cash Donations received	107 774 273	88 089 073
Donations in kind received	8 669 790	12 847 871
Other Operating income	7 311 518	5 514 332
Contributions from beneficiaries	3 232 771	2 572 422
Events income	1 113 775	1 513 356
Shared services recoveries & other income	2 964 972	1 428 554
Interest income received	2 900 824	3 232 501
Total Expenditure	**(126 472 288)**	**(107 074 337)**
Head office expenditure	(3 752 936)	(3 388 199)
Marketing and Fundraising costs	(11 220 522)	(12 000 138)
Cradle to Career Expenditure	**(101 891 367)**	**(73 077 926)**
Early Childhood Development	(9 291 777)	(7 760 273)
Child and Youth Development Programmes	(13 439 496)	(11 645 846)
Career Development & Placement Programmes	(31 945 011)	(12 181 254)
360° Social Support Services	(11 936 394)	(11 095 990)
Support Services (Infrastructure, Utilities, ICT Equipment, Centre Management and Logistics)	(35 278 689)	(30 394 564)
Community Outreach Costs	**(9 607 463)**	**(18 608 073)**
Designated Community Outreach Obligations	(2 809 418)	(2 868 072)
Goods in kind received and distributed to communities	(4 664 823)	(9 676 009)
Primary Health Care & Intervention Programmes	(1 426 632)	(4 919 518)
Gender Based Violence - Nelson Mandela Children's Fund	(406 297)	(936 244)
Family support - Department of Social Development	(300 293)	(208 229)
Finance Costs	(40 521)	(785)
Net surplus funds for the year	**143 596**	**2 608 655**

	2019	2018
Community Centre Costs	**(101 891 367)**	**(73 077 926)**
Alexandra	(16 357 360)	(10 331 139)
Diepsloot	(19 405 052)	(12 247 774)
Utando	(17 535 265)	(12 174 281)
Orange Farm	(20 257 104)	(12 741 714)
Mfuleni	(19 690 650)	(12 854 318)
Belron Training Centre	(8 645 936)	(12 728 700)