The Carpenter's Shop NPC
(Registration number 1979/006154/08)
Financial statements
for the year ended 31 March 2017

These financial statements were prepared by:
A Smit CA(SA)
These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008 (Amended).
Issued 12 July 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Non-profit welfare organisation
Directors	GJC Burton P R Solomon R Timmers G S Weir
Business address	14A Roeland Street Cape Town 8000
Postal address	PO Box 3766 Cape Town 8000
Bankers	Nedbank Limited
Auditors	Moore Stephens Cape Town Inc. Chartered Accountants (SA) Registered Auditor
Company registration number	1979/006154/08
Tax reference number	9568/026/03/4
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008 (Amended).
Preparer	The financial statements were independently compiled by: A Smit CA(SA)

Index

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

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008 (Amended), to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company 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 the International Financial Reporting Standard 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 the International Financial Reporting Standard for Small and Medium-sized Entities 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 company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company’s cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the company has or has 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 company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 5.

The financial statements set out on pages 6 to 17, which have been prepared on the going concern basis, were approved and were signed on its behalf by:

GJC Burton	**P R Solomon**

Cape Town

12 July 2017

Independent Auditors' Report

To the members of The Carpenter's Shop NPC

Qualified opinion

We have audited the Financial Statements of The Carpenter's Shop NPC set out on pages 7 to 15, which comprise the Statement of Financial Position as at 31 March 2017, and the Statement of 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, except for the possible effect of the matter described in the basis for qualified opinion section of our report, the Financial Statements present fairly, in all material respects, the financial position of The Carpenter's Shop NPC as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008 (Amended).

Basis for qualified opinion

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

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 entity in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IRBA Code. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008 (Amended), which we obtained prior to the date of this report. 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.

Independent Auditors' Report

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 Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008 (Amended), 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 International Standards on Auditing 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 International Standards on Auditing, 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.

Moore Stephens Cape Town Inc.
Chartered Accountants (SA)
Registered Auditors

Per: Ferdinand Hoffman

13 July 2017
Cape Town

Directors' Report

The directors have pleasure in submitting their report on the financial statements of The Carpenter's Shop NPC for the year ended 31 March 2017.

1. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008 (Amended). The accounting policies have been applied consistently compared to the prior year.

2. Directors

The directors in office at the date of this report are as follows:

Directors	Appointed
GJC Burton	1 April 2003
P R Solomon	1 November 2016
R Timmers	1 July 2016
G S Weir	1 April 2015

S Abrahams resigned during the 2017 financial year.

3. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

4. Events after the reporting period

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

5. Going concern

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

6. Auditors

Moore Stephens Cape Town Inc. continued in office as auditors for the company for 2017.

7. Secretary

There is no appointed company secretary.

8. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008.

Statement of Financial Position as at 31 March 2017

Figures in Rand	Note(s)	2017	2016
Assets			
Non-Current Assets			
Property, plant and equipment	2	623 011	693 443
Current Assets			
Trade and other receivables	3	75 580	142 494
Cash and cash equivalents	4	1 812 517	307 409
		1 888 097	**449 903**
Total Assets		**2 511 108**	**1 143 346**
Equity and Liabilities			
Equity			
Retained income		1 193 997	1 121 841
Liabilities			
Current Liabilities			
Trade and other payables	5	317 111	21 505
Other financial liabilities	6	1 000 000	-
		1 317 111	**21 505**
Total Equity and Liabilities		**2 511 108**	**1 143 346**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2017	2016
Revenue	7	227 831	245 000
Cost of sales	8	(44 030)	(98 787)
Gross profit		**183 801**	**146 213**
Other income	9	2 061 287	2 242 304
Operating expenses		(2 271 901)	(2 219 927)
Operating (loss) profit		**(26 813)**	**168 590**
Investment revenue	10	102 101	12 291
Finance costs	15	(3 132)	-
Profit for the year		**72 156**	**180 881**

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 April 2015	**940 960**	**940 960**
Profit for the year	**180 881**	**180 881**
Balance at 01 April 2016	**1 121 841**	**1 121 841**
Profit for the year	**72 156**	**72 156**
Balance at 31 March 2017	**1 193 997**	**1 193 997**

Statement of Cash Flows

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Cash generated from operations	13	406 140	203 216
Interest income		102 101	12 291
Finance costs		(3 132)	-
Net cash from operating activities		**505 109**	**215 507**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(7 191)
Cash flows from financing activities			
Proceeds received from other financial liabilities		1 000 000	-
Net cash from financing activities		**1 000 000**	**-**
Total cash movement for the year		**1 505 109**	**208 316**
Cash at the beginning of the year		307 409	99 093
Total cash at end of the year	4	**1 812 518**	**307 409**

Accounting Policies

1. Presentation of financial statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008 (Amended). 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.

1.1 Property, plant and equipment

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

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

Item	Average useful life
Plant and machinery	5 years
Motor vehicles	5 years
IT equipment	3 years
Leasehold improvements	25 years

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are recognised in profit or loss.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment.

Accounting Policies

1.3 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

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, 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.

1.4 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.5 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.6 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

1.7 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.8 Other Income

Included in other income are grants and fees from residential accomodation. Fees from residential accomodation are recognised on the accrual basis. Grants are recognised on a receipt basis.

Notes to the Financial Statements

Figures in Rand	2017 R	2016 R

2. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	220 193	(220 193)	-	220 193	(217 447)	2 746
Motor vehicles	134 619	(73 869)	60 750	134 619	(58 682)	75 937
IT equipment	6 700	(1 216)	5 484	6 700	(628)	6 072
Leasehold improvements	1 297 786	(741 009)	556 777	1 297 786	(689 098)	608 688
Total	**1 659 298**	**(1 036 287)**	**623 011**	**1 659 298**	**(965 855)**	**693 443**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Depreciation	Total
Plant and machinery	2 746	(2 746)	-
Motor vehicles	75 937	(15 187)	60 750
IT equipment	6 072	(588)	5 484
Leasehold improvements	608 688	(51 911)	556 777
	693 443	**(70 432)**	**623 011**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Plant and machinery	2 128	7 191	(6 573)	2 746
Motor vehicles	93 716	-	(17 779)	75 937
IT equipment	6 583	-	(511)	6 072
Leasehold improvements	652 880	-	(44 192)	608 688
	755 307	**7 191**	**(69 055)**	**693 443**

3. Trade and other receivables

Trade receivables	37 301	60 624
Prepayments	22 228	38 643
VAT	16 051	23 907
Accrued income	-	19 320
	75 580	**142 494**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6 041	1 990
Bank balances	539 475	305 419
Short-term deposits	267 001	-
Investment fund	1 000 000	-
	1 812 517	**307 409**

R1 million in cash and cash equivalents to be utilised for the settlement of the loan for investment funding. Refer to Note 6.

Notes to the Financial Statements

Figures in Rand	2017 R	2016 R

5. Trade and other payables

Trade payables	-	683
Accrued expense	5 131	12 676
Income received in advance	280 704	-
Deposits	31 276	8 146
	317 111	**21 505**

6. Other financial liabilities

At amortised cost		
Loan - investement funding	1 000 000	-
The loan is unsecured, bears no interest and is repayable on 30 March 2017.		
Current liabilities		
At amortised cost	1 000 000	-

7. Revenue

Service revenue	227 831	245 000

8. Cost of sales

Service revenue	44 030	98 787

9. Other income

Fees earned	1 825	4 260
Rental income	489 828	405 710
Discount received	-	2 351
Donations received	816 474	1 085 807
Departments of social development subsidy	753 160	715 535
Sundry income	-	28 641
	2 061 287	**2 242 304**

10. Investment revenue

Interest revenue		
Bank	102 101	12 291

11. Taxation

No provision has been made for 2017 tax as the company has applied for an expemption in terms of section 10(1)(cN) of the Income Tax Act.

12. Auditors remuneration

Fees	29 689	6 469

Notes to the Financial Statements

Figures in Rand	2017 R	2016 R

13. Cash generated from operations

Profit before taxation	72 156	180 881
Adjustments for:		
Depreciation and amortisation	70 431	69 055
Interest received	(102 101)	(12 291)
Finance costs	3 132	-
Movements in provisions	-	(12 414)
Changes in working capital:		
Trade and other receivables	66 915	(33 885)
Trade and other payables	295 607	11 870
	406 140	**203 216**

14. Directors' remuneration

2017

	Emoluments	Total
For services as director	150 000	150 000

15. Finance costs

SARS	3 132	-

16. Going concern

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

Detailed Income Statement

Figures in Rand	Note(s)	2017 R	2016 R
Revenue			
Service revenue		227 831	245 000
Cost of sales			
Service cost		(44 030)	(98 787)
Gross profit		**183 801**	**146 213**
Other income			
Department of social development subsidy		753 160	715 535
Discount received		-	2 351
Donations received		816 474	1 085 807
Fees earned		1 825	4 260
Interest received	10	102 101	12 291
Rental income		489 828	405 710
Sundry income		-	28 641
		2 163 388	**2 254 595**
Expenses (Refer to page 17)		**(2 271 901)**	**(2 219 927)**
Operating profit		**75 288**	**180 881**
Finance costs	15	(3 132)	-
Profit for the year		**72 156**	**180 881**

Detailed Income Statement

Figures in Rand	Note(s)	2017 R	2016 R
Operating expenses			
Accounting services contracted		-	7 333
Auditors remuneration	12	29 689	6 469
Bad debts		106 671	231
Bank charges		11 155	7 461
Car wash trainee costs		31 469	-
Client support		2 782	25 602
Consumables		6 906	8 851
Depreciation, amortisation and impairments		70 431	69 055
Donations		10 000	5 000
Employee costs		1 566 230	1 677 376
Equipment		17 471	14 117
Food expenses		3 519	12 898
IT expenses		5 629	-
Insurance		27 055	15 462
Marketing		2 122	6 140
Motor vehicle expenses		9 294	21 488
Municipal expenses		200 141	195 410
Other expenses		29 037	5 000
Petrol		2 681	-
Postage		-	830
Printing and stationery		14 108	13 243
Repairs and maintenance		48 983	71 216
Residence expense		1 468	5 371
Staff welfare		17 940	19 622
Subscriptions		232	-
Telephone and fax		30 352	27 929
Training		26 184	1 032
Transport and freight		352	2 139
Workshop expense		-	652
		2 271 901	**2 219 927**