

Malamulele Onward NPC
(Registration number 2006/032287/08)
Annual financial statements
for the year ended 31 March 2013

Malamulele Onward NPC

(Registration number 2006/032287/08)

Annual Financial Statements for the year ended 31 March 2013

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The reports and statements set out below comprise the annual financial statements of the company:

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

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Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Preparer

Lisa Roodt
CA(SA)

Published

01 August 2013

Malamulele Onward NPC

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Annual Financial Statements for the year ended 31 March 2013

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Non profit company incorporated in terms of Companies Act 2008
Directors	AD Rothberg B Dlamini BA Harrison GM Saloojee - Executive Director JA Shyman JC Whitter - Chairman S A Howard T Ralintja
Registered office	12A Rhodes Avenue Parktown Johannesburg 2193
Business address	2nd Floor Children's Memorial Institute 13 Joubert Street Ext Braamfontein 2193 Johannesburg
Postal address	P O Box 52641 Saxonwold 2132
Company registration number	2006/032287/08
Tax reference number	4120248960
Non Profit Organisation Registration Number	056-807-NPO
Public Benefit Organisation number	930025084
Website	www.malamuleleonward.org

Independent Auditors' Report

To the board of Malamulele Onward NPC

We have audited the annual financial statements of Malamulele Onward NPC, which comprise the statement of financial position as at 31 March 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 5 to 14.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

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

Basis for Qualified Opinion

Donations are a significant source of fundraising revenue for Malamulele Onward NPC. It is impracticable to establish internal controls over the collection of donations prior to the initial entry into its financial records. We were therefore unable to confirm whether all donations were recorded.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of Malamulele Onward NPC as at 31 March 2013, 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 71 of 2008.

Supplementary information

We draw your attention to the fact that the supplementary information set out on page 15 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

BDO South Africa Incorporated
Registered Auditors
Per: Nigel Griffith
Partner

01 August 2013

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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 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 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.

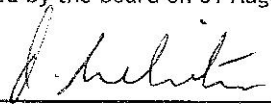
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or 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 annual 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 2014 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 annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 3.

The annual financial statements set out on pages 5 to 14, which have been prepared on the going concern basis, were approved by the board on 01 August 2013 and were signed on its behalf by:



Director



Director

Malamulele Onward NPC

(Registration number 2006/032287/08)

Annual Financial Statements for the year ended 31 March 2013

Directors' Report

The directors submit their report for the year ended 31 March 2013.

1. Review of activities

Main business and operations

The company is a registered non profit company incorporated in terms of companies act 2008 and operates principally in South Africa and occasionally in other Southern African countries.

The company is engaged in meeting the rehabilitation needs of under-served children with cerebral palsy and their families living in rural areas in South Africa and other African countries. This is achieved mainly through the provision of specialised therapy services (physio, occupational and speech therapy), equipment and caregiver training where children severely disabled by cerebral palsy have little or no access to rehabilitation therapy and equipment.

Details of the company's programmes and activities during the year under review are contained in the company's annual report.

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

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The company is dependant on grants from donors. The directors are of the opinion that donors will continue their support in the foreseeable future and have accordingly continued to apply the going concern basis of accounting.

3. Post balance sheet events

The directors are not aware of any material matter or circumstance arising since the end of the financial year that requires further disclosure.

4. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality
AD Rothberg	
B Dlamini	
BA Harrison	Canadian
GM Saloojee - Executive Director	
JA Snyman	
JC Whitter - Chairman	
S A Howard	
T Ralintja	

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Annual Financial Statements for the year ended 31 March 2013

Statement of Financial Position as at 31 March 2013

Figures in Rand	Note(s)	2013	2012
Assets			
Non-Current Assets			
Property, plant and equipment	2	8 600	9 607
Current Assets			
Inventories	3	221 975	592 300
Receivables	4	4 559	8 214
Staff advance		-	1 190
Cash and cash equivalents	5	1 249 149	1 172 227
		1 475 683	1 773 931
Total Assets		1 484 283	1 783 538
Equity and Liabilities			
Equity			
Designated income reserves		1 421 108	1 707 996
Liabilities			
Current Liabilities			
Trade and other payables	6	63 175	75 542
Total Equity and Liabilities		1 484 283	1 783 538

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Statement of Comprehensive Income

Figures in Rand	Note(s)	2013	2012
Donor/Income source	7	2 942 712	2 696 029
Operating expenses		(3 228 197)	(2 095 479)
Operating (deficit) surplus		(285 485)	600 550
Finance costs		(1 403)	(387)
(Deficit) surplus for the year		(286 888)	600 163
Other comprehensive income		-	-
Total comprehensive (deficit) income for the year		(286 888)	600 163

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Statement of Changes in Equity

Figures in Rand	Designated income reserves	Total reserves
Balance at 01 April 2011	1 107 833	1 107 833
Surplus for the year	600 163	600 163
Other comprehensive income	-	-
Total comprehensive income for the year	600 163	600 163
Balance at 01 April 2012	1 707 996	1 707 996
Deficit for the year	(286 888)	(286 888)
Other comprehensive income	-	-
Total comprehensive deficit for the year	(286 888)	(286 888)
Balance at 31 March 2013	1 421 108	1 421 108

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Annual Financial Statements for the year ended 31 March 2013

Statement of Cash Flows

Figures in Rand	Note(s)	2013	2012
Cash flows from operating activities			
Cash generated from operations	9	79 635	162 264
Finance costs		(1 403)	(387)
Net cash from operating activities		78 232	161 877
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(2 500)	(8 157)
Staff Loans		1 190	(1 190)
Net cash from investing activities		(1 310)	(9 347)
Total cash movement for the year		76 922	152 530
Cash at the beginning of the year		1 172 227	1 019 697
Total cash at end of the year	5	1 249 149	1 172 227

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Annual Financial Statements for the year ended 31 March 2013

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

1.1 Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation

The cost of 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 company; and
- the cost of the item can be measured reliably.

Depreciation is provided on the straight line basis so as to write down cost to residual value over the items estimated .Useful lives for this purpose are:

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

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.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.2 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive the cash flow have expired or are transferred.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Receivables

Receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposit, and have been classified as loans and receivables. These are initially recognised at fair value and subsequently measured at amortised cost

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Accounting Policies

1.3 Impairment of non-financial assets (Inventories)

The company assesses at the end of each reporting period whether there is any indication that an asset may be impaired and if so the company estimates the recoverable amount of the asset. An impairment loss is recognised immediately in profit or loss.

1.4 Income

Income comprises grants received or receivable in terms of a contract from donors and undesignated donations from various sources.

Donated and volunteer services are recognised when received or performed.

Donations of funds are recognised when received.

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Notes to the Annual Financial Statements

Figures in Rand 2013 2012

2. Property, plant and equipment

	2013			2012		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	9 500	(5 589)	3 911	7 000	(4 064)	2 936
Office equipment	5 526	(1 934)	3 592	5 526	(829)	4 697
IT equipment	10 521	(9 424)	1 097	10 521	(8 547)	1 974
Total	25 547	(16 947)	8 600	23 047	(13 440)	9 607

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	2 936	2 500	(1 525)	3 911
Office equipment	4 697	-	(1 105)	3 592
IT equipment	1 974	-	(877)	1 097
	9 607	2 500	(3 507)	8 600

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	4 083	-	(1 147)	2 936
Office equipment	-	5 526	(829)	4 697
IT equipment	2 194	2 631	(2 851)	1 974
	6 277	8 157	(4 827)	9 607

3. Inventories

Inventories comprise used equipment donated as gifts - in - kind - at directors valuation	592 300	658 000
	592 300	658 000
Less: equipment distributed during the year - at valuation	(160 675)	(65 700)
Less: Impairment loss	(209 650)	-
	221 975	592 300

4. Receivables

Deposits	876	876
VAT	3 683	7 338
	4 559	8 214

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	1 249 149	1 172 227
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Notes to the Annual Financial Statements

Figures in Rand	2013	2012
6. Trade and other payables		
Payroll accrual	9 021	11 467
Accrued expenses	-	4 383
Accrued volunteer expenses	54 154	59 692
	63 175	75 542

7. Revenue

Donor/Income source		
Blue Label	110 000	100 000
DG Murray Trust	1 040 000	790 000
Donated and volunteer services	425 100	211 625
Fuchs Foundation	-	100 000
Gifts-in-kind	76 400	613 510
Interest received	35 454	10 644
Malamulele Onward Canada	149 600	413 061
Momentum	350 000	235 000
Other designated grants and general donations	140 243	163 189
PPC Cement	-	59 000
The Elma Foundation	500 000	-
The Paige Project	115 915	-
	2 942 712	2 696 029

8. Taxation

No provision for taxation has been provided for as the company is a Public Benefit Organisation in terms of section 30 of the Income Tax Act and is exempt from income tax in terms of Section 10(1)(cN) of the Income Tax Act.

9. Cash generated from operations

Deficit before taxation	(286 888)	600 163
Adjustments for:		
Depreciation and amortisation	3 507	4 827
Finance costs	1 403	387
Impairment loss	209 650	-
Changes in working capital:		
Inventories	160 675	(442 300)
Receivables	3 655	6 743
Trade and other payables	(12 367)	(7 556)
	79 635	162 264

10. Risk management

The company's activities expose it to certain financial and other risks. Risk management is carried out by management under policies approved by the Board.

Liquidity risk

Liquidity risk is the risk that insufficient funds will be available to meet future obligations as they fall due. The directors manage the company's commitments in accordance with funds that will be available.

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Notes to the Annual Financial Statements

Figures in Rand

2013

2012

10. Risk management (continued)

Interest rate risk

The company's surplus cash earns interest at variable rates. Cash flow will therefore vary with changes in the level of interest rates. However, the effect of a change in the level of interest rates of a reasonably expected magnitude (eg 1%) is not material.

Credit risk

Credit risk arises mainly on cash deposits. The company only deposits cash with major banks with high quality credit standing.

Critical accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and expectations of future events that are believed to be reasonable under the circumstances.

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Detailed Income Statement for the year 31 March 2013

	2013 R	2012 R
Income		
Donations and grants		
The Elma Foundation	500,000	-
Malamulele Onward Canada	149,600	413,061
Momentum	350,000	235,000
Blue Label	110,000	100,000
Fuchs Foundation	-	100,000
DG Murray Trust	1,040,000	790,000
PPC Cement	-	59,000
The Paige Project	115,915	-
Wekeba Engineering	46,000	-
Other designated grants and general donations	94,243	163,189
Gifts-in-kind	76,400	613,510
Donated and volunteer services	425,100	211,625
	<u>2,907,258</u>	<u>2,685,385</u>
Interest received	35,454	10,644
	<u>2,942,712</u>	<u>2,696,029</u>
Direct Project Expenses		
Malamulele, Limpopo	25,252	42,186
Dilokong Hospital, Limpopo	19,551	25,903
Butterworth, Zithulele, Tafalofefe, Eastern Cape	247,860	213,691
Other Southern Africa projects	14,799	29,448
Siloam Hospital, Limpopo	70,315	39,937
Donald Fraser Hospital, Limpopo	71,311	199,297
Charles Johnson Memorial Hospital, Nqutu, KwaZulu-Natal	925,495	140,586
Mother to Mother training program	314,604	51,623
Gifts-in-kind distributed	141,900	132,800
Therapy blocks program, Johannesburg	604,530	491,491
	<u>2,435,617</u>	<u>1,366,962</u>
Project management and operating expenses		
Accounting fees	22,525	20,123
Advertising	-	2,287
Bank charges	8,720	9,652
Board expenses	3,211	399
Computer expenses	-	6,947
Depreciation	3,507	4,827
Electricity & water	517	14,653
Employee costs	415,845	497,220
Equipment inventory impairment	209,650	-
Insurances	35,740	35,411
Motor vehicle expenses	-	165
Office expenses	655	2,942
Penalties & interest	1,403	387
Printing & stationery	4,596	10,268
Lease rentals	47,714	63,627
Repairs & maintenance	65	2,058
Small assets	634	1,183
Subscriptions	500	700
Telecommunications	21,688	20,573
Training	4,600	28,782
Travel	12,413	288
Web design	-	6,412
	<u>793,983</u>	<u>728,904</u>
Total expenditures	3,229,600	2,095,866
Surplus / (Loss) for the year	(286,888)	600,163