

IMMANUEL MINISTRIES

(Registration Number 065-632 NPO)

Financial Statements

for the 10 month period ended 28 February 2018

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Index

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

General Information	2
Independent Auditor's Report	3 - 4
Management's Responsibilities and Approval	5
Statement of Financial Position	6
Statement of Comprehensive Income	7
Statement of Changes in Reserves	8
Statement of Cash Flows	9
Accounting Policies	10
Notes to the Financial Statements	11 - 12
The supplementary information presented does not form part of the financial statements and is unaudited	
Detailed Income Statement	13

IMMANUEL MINISTRIES

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Financial Statements for the 10 month period ended 28 February 2018

General Information

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Non-Profit Organisation

MANAGEMENT

F Alkema

C Alkema

BUSINESS ADDRESS

Josef Street, Erf 8

Oupad

Nekkies

Knysna

6571

BANKERS

First National Bank

INDEPENDENT AUDITORS

LUMENROCK Audit Incorporated

Land Bank Building

55 York Street

George

6529

Independent Auditor's Report

To the Management of Immanuel Ministries

Opinion

We have audited the financial statements of Immanuel Ministries set out on pages 6 to 12, which comprise the statement of financial position as at 28 February 2018, and the statement of comprehensive income, the statement of changes in reserves and the statement of cash flows for the 10 month period 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 the organisation as at 28 February 2018, and its financial performance and cash flows for the 10 month period then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the organisation in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Other

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

Other Information

The managements are responsible for the other information. The other information comprises , and the supplementary information set out on page 13. 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 on the other information obtained prior to the date of this auditor's report, 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 Managements for the Financial Statements

The managements are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and for such internal control as the managements determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the managements are responsible for assessing the organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the managements either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the managements.
- Conclude on the appropriateness of the managements' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the managements regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

LUMENROCK Audit Incorporated
Chartered Accountant (SA)
Registered Auditors

Marlize Schoeman CA(SA) RA

26 April 2019

IMMANUEL MINISTRIES

(Registration Number 065-632 NPO)

Financial Statements for the 10 month period ended 28 February 2018

Management's Responsibilities and Approval

Management is required 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 satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the organisation, and explain the transactions and financial position of the business of the organisation at the end of the 10 month period. The financial statements are based upon appropriate accounting policies consistently applied throughout the organisation and supported by reasonable and prudent judgements and estimates.

Management acknowledges that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable management to meet these responsibilities, the management committee sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the organisation and all employees are required to maintain the highest ethical standards in ensuring the organisations business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

Management is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources management has no reason to believe that the organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the organisation.

The financial statements have been audited by the independent auditing firm, LUMENROCK Audit Incorporated, who have been given unrestricted access to all financial records and related data, including minutes of all meetings. Management believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' unqualified audit report is presented on page 3 to 4.

The financial statements as set out on pages 6 to 12 were approved by the management committee on 26 April 2019 and were signed on its behalf by:

F Alkema

C Alkema

IMMANUEL MINISTRIES

(Registration Number 065-632 NPO)

Financial Statements for the 10 month period ended 28 February 2018

Statement of Financial Position

Figures in R	Notes	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	3	<u>1,783,714</u>	<u>1,593,613</u>
Current Assets			
Cash and cash equivalents	4	<u>2,954,473</u>	<u>2,553,113</u>
Total Assets		<u>4,738,187</u>	<u>4,146,726</u>
Reserves and Liabilities			
Reserves			
Retained earnings		<u>4,738,187</u>	<u>4,146,726</u>
Total Reserves and Liabilities		<u>4,738,187</u>	<u>4,146,726</u>

IMMANUEL MINISTRIES

(Registration Number 065-632 NPO)

Financial Statements for the 10 month period ended 28 February 2018

Statement of Comprehensive Income

10 months

Figures in R	Note	2018	2017
Revenue		988,167	860,303
Donations applied		(386,439)	(322,784)
Gross surplus		<u>601,728</u>	<u>537,519</u>
Operating costs		(129,683)	(131,445)
Operating surplus		<u>472,045</u>	<u>406,074</u>
Finance income	5	<u>119,416</u>	<u>121,795</u>
Surplus for the year		<u>591,461</u>	<u>527,869</u>

IMMANUEL MINISTRIES

(Registration Number 065-632 NPO)

Financial Statements for the 10 month period ended 28 February 2018

Statement of Changes in Reserves

Figures in R	Accumulated surplus	Total
Balance at 1 March 2016	3,618,857	3,618,857
Total comprehensive income for the year		
Surplus for the year	527,869	527,869
Total comprehensive income for the year	<u>527,869</u>	<u>527,869</u>
Balance at 28 February 2017	<u>4,146,726</u>	<u>4,146,726</u>
Balance at 1 March 2017	4,146,726	4,146,726
Total comprehensive income for the year		
Surplus for the year	591,461	591,461
Total comprehensive income for the year	<u>591,461</u>	<u>591,461</u>
Balance at 28 February 2018	<u>4,738,187</u>	<u>4,738,187</u>

IMMANUEL MINISTRIES

(Registration Number 065-632 NPO)

Financial Statements for the 10 month period ended 28 February 2018

Statement of Cash Flows

10 months

Figures in R	Note	2018	2017
Cash flows from operating activities			
Surplus for the year		591,461	527,869
<i>Adjustments for:</i>			
Depreciation of tangible assets		21,877	18,400
Investment income		(119,416)	(121,795)
Loss on disposal of property, plant and equipment		8,418	-
Net cash flows from operations		502,340	424,474
Investment income		119,416	121,795
Net cash flows from operating activities		621,756	546,269
Cash flows used in investing activities			
Property, plant and equipment acquired	3	(220,396)	(148,412)
Net cash flows used in investing activities		(220,396)	(148,412)
Net increase in cash and cash equivalents		401,360	397,857
Cash and cash equivalents at beginning of the year		2,553,113	2,155,256
Cash and cash equivalents at end of the year	4	2,954,473	2,553,113

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(Registration Number 065-632 NPO)

Financial Statements for the 10 month period ended 28 February 2018

Accounting Policies

1. General information

Immanuel Ministries is a non-profit organisation.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

Land and buildings	Indefinite
Motor vehicles	5 years; R0 residual value
Furniture and fittings	6 years; R0 residual value
Other fixed assets	5 years; R0 residual value
Computer software	3 years; R0 residual value

2.2 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

IMMANUEL MINISTRIES

(Registration Number 065-632 NPO)

Financial Statements for the 10 month period ended 28 February 2018

Notes to the Financial Statements

Figures in R 2018 2017

3. Property, plant and equipment

	Cost	Accumulated depreciation	2018 Carrying value	Cost	Accumulated depreciation	2017 Carrying value
<i>Owned assets</i>						
Land and buildings	1,744,314	-	1,744,314	1,569,064	-	1,569,064
Motor vehicles	25,000	23,000	2,000	25,000	18,000	7,000
Furniture and fittings	34,717	30,568	4,149	34,717	24,782	9,935
Other fixed assets	40,196	38,389	1,807	38,070	30,456	7,614
Office equipment	200	200	-	200	200	-
IT equipment	41,601	10,157	31,444	6,999	6,999	-
	1,886,028	102,314	1,783,714	1,674,050	80,437	1,593,613

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

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2018 Carrying value at end of year
<i>Owned assets</i>					
Land and buildings	1,569,064	175,250	-	-	1,744,314
Motor vehicles	7,000	-	-	(5,000)	2,000
Furniture and fittings	9,935	-	-	(5,786)	4,149
Other fixed assets	7,614	2,126	-	(7,933)	1,807
IT equipment	-	43,020	(8,418)	(3,158)	31,444
	1,593,613	220,396	(8,418)	(21,877)	1,783,714

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2017 Carrying value at end of year
<i>Owned assets</i>					
Land and buildings	1,420,652	148,412	-	-	1,569,064
Motor vehicles	12,000	-	-	(5,000)	7,000
Furniture and fittings	15,721	-	-	(5,786)	9,935
Other fixed assets	15,228	-	-	(7,614)	7,614
	1,463,601	148,412	-	(18,400)	1,593,613

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(Registration Number 065-632 NPO)

Financial Statements for the 10 month period ended 28 February 2018

Detailed Income Statement

10 months

Figures in R

2018

2017

Donations

Bible Ministry	44,018	65,103
Families	223,203	237,142
Food	73,143	55,412
General	549,408	456,502
Tithes	98,395	46,144
	<u>988,167</u>	<u>860,303</u>

Donations applied

Bible Ministry	24,865	21,140
Families	172,320	180,735
Food	43,080	30,875
General	58,844	20,834
Tithes	87,330	69,200
	<u>386,439</u>	<u>322,784</u>

Gross Profit

601,728

537,519

Other Income

Investment income	119,416	121,795
	<u>119,416</u>	<u>121,795</u>
	<u>721,144</u>	<u>659,314</u>

Expenditure

Accounting fees	900	-
Assets less than R7000	-	3,689
Bank charges	3,340	5,067
Cleaning	94	3,773
Computer expenses	8,493	26,361
Depreciation - Tangible assets	21,877	18,400
Electricity and water	5,200	4,170
Gas expense	-	1,035
Insurance	13,726	14,236
Loss on stolen fixed assets	8,418	-
Printing and stationery	5,031	13,350
Repairs and maintenance	62,604	41,364
	<u>129,683</u>	<u>131,445</u>

Surplus for the year

591,461

527,869