



MPILONHLE

a good life

2019

MPILONHLE “A GOOD LIFE”

Annual Financial Statement

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Mpilonhle 'A Good Life'
(Reg Number: 051-766 NPO)
Annual Financial Statements
For the year ending 31 December 2019

Mpilonhle 'A Good Life'
Annual Financial Statements for the year ending 31 December 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Non-Profit Organisation
Directors	Mr ZV Madikizela Ms N Mthembu Dr MP Matse Dr M Bennish
Registered Office	Lot 33 Lower Umfolozi Mtubatuba KwaZulu Natal 3935
Bankers	Standard Bank South Africa
Basis of preparations of financial statement	International Financial Reporting Standard for Small and Medium-sized Entities
Company registration number	051-766 NPO

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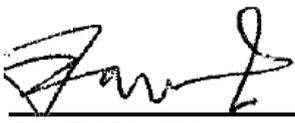
Approval of Financial Statements

The annual financial statement and other supplementary information set up on pages 7 to 16 have been reviewed by the board members and are hereby approved:



Dr M Bennis
Executive Director

Mtubatuba
Date 29 June 2020



Mr ZV Madikizela
Chairperson of the Board

Mtubatuba
Date 29 June 2020

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(Reg Number: 051-766 NPO)

Annual Financial Statements for the year ending 31 December 2019

Director's Responsibilities and Approval

The directors are required by the South African Companies Act 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 satisfy the financial operations and business of the company, and explain the transactions and financial position of the business of the company at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the company and supported by reasonable and prudent judgements and estimate.

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 director 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 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 the management that the system of internal control provides reasonable assurance that the financial records may be relied on 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the director has no reason to believe that the company will not be a going concern in the foreseeable future. The financial statements support the viability of the company. The external auditors are responsible for independently reviewing 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 pages 4-6

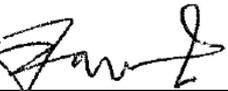
The annual financial statements and supplementary information, as set on page 7 to 16 were approved by the board and signed by them.



Dr M Bennis

Executive Director

Date
29 June 2020



Mr ZV Madikizela

Chairperson of the Board

Date
29 June 2020

INDEPENDENT AUDITOR'S REPORT

To the Directors of Mpilonhle

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mpilonhle set out on pages 8 to 15, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in funds 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 Mpilonhle as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities 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 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 corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. 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 "Mpilonhle 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 the International Financial Reporting Standard for Small and Medium-sized Entities 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.

ASI Assurance & Advisory

ASI Assurance & Advisory Inc.

Per: S Ismail

Director

Registered Auditor

Practice Number: 998113d

03 July 2020

132 Musgrave Road

Musgrave

Berea

4062



Mpilonhle 'A Good Life'

(Reg Number: 051-766 NPO)

Annual Financial Statements for the year ending 31 December 2019

Directors' Report

The directors present their report for the year ended 31 December 2019

1. Review of activities

Main business and operations

Mpilonhle's mission is to improve health and social development of youth in South Africa and to engage with the government, schools, parents, the traditional authority and sectors that deals with health and social development among youth.

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities

The operating results and statement of financial position of the company are fully set out in the attached financial statements and do not in my 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, contingents and commitments will occur in the ordinary course of business.

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.

4. Directors

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

Name	Position Held
Mr ZV Madikizela	Chairperson
Ms N Mthembu	Member
Dr MP Matse	Member
Dr M Bennish	Ex-Officio Member

Mpilonhle 'A Good Life'**Annual Financial Statements for the year ending 31 December 2019****Statement of Financial Position**

Figures in Rand	Note(s)	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	2	1 405 266	1 884 484
Current Assets			
Account receivable		100 838	121 414
Cash and cash equivalents	3	2 905 745	1 231 199
		<u>3 006 583</u>	<u>1 352 613</u>
Total assets		<u>4 411 846</u>	<u>3 237 097</u>
Funds and Liabilities			
Funds			
Accumulated surplus		4 409 828	3 214 502
		<u>4 409 828</u>	<u>3 214 502</u>
Liabilities			
Current Liabilities			
Accounts payable		2 018	22 595
		<u>2 018</u>	<u>22 595</u>
Total Funds and Liabilities		<u>4 411 846</u>	<u>3 237 097</u>

Mpilonhle 'A Good Life'

Annual Financial Statements for the year ending 31 December 2019

Statement of comprehensive income

Figures in Rand	Note(s)	2019	2018
Total Income	1	20 980 680	28 669 919
Operating Expenses		(19 832 459)	(30 626 434)
Operating Surplus/(Deficit)		1 148 220	(1 956 515)
Interest Income		50 391	75 330
Finance Costs		(3 284)	(3 484)
Surplus/(Deficit) for the year		1 195 327	(1 884 669)
Other Comprehensive Income		-	-
Total Comprehensive Surplus (Deficit) for the year		1 195 327	(1 884 669)

Mpilonhle 'A Good Life'
Annual Financial Statements for the year ending 31 December 2019

Statement of Changes in Funds

Figures in Rand	Accumulated Surplus	Total Funds
Balance at 01 January 2019	3 214 502	3 214 502
Surplus/(Deficit) for the year	1 195 327	1 195 327
Other comprehensive income	-	-
Total comprehensive surplus for the year	1 195 327	1 195 327
Balance at 31 December 2019	4 409 828	4 409 828

Mpilonhle 'A Good Life'**Annual Financial Statements for the year ending 31 December 2019****Cash Flow Statement**

Figures in Rand	2019	2018
Cash flows from operating activities		
Cash receipts from funders	21 031 071	28 745 249
Cash paid to suppliers and employees	(19 053 090)	(30 708 782)
Cash(used in) generated from operations	1 977 981	(1 963 533)
Interest income	-	75 330
Finance costs	(3 284)	(3 484)
Net cash from operating activities	1 974 697	(1 891 687)
Cash flows from investing activities		
Additions to property, plant and equipment	(300 151)	(11 027)
Cash flows from financing activities		
Other financial liabilities	-	-
Total cash movement for the year	1 674 546	(1 902 714)
Cash at the beginning of the year	1 231 199	3 133 913
Total cash at end of the year	2 905 745	1 231 199

Mpilonhle 'A Good Life'
Annual Financial Statements for the year ending 31 December 2019

Accounting Policies

1. Presentation of Financial Statements

The annual 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. 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 year.

1.1 Property, plant and equipment

Items of property, plant and equipment are:

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

The cost of an item of property, plant and equipment is recognised as an asset if, and only if:

It is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably.

An item of property, plant and equipment is initially measured at its cost. Cost includes:

- * its purchase price, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- * any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended

Item	Average useful life
Plant and machinery	5 years
Furniture and fittings	6 years
Motor vehicles	5 years
Office equipment	3 years
IT equipment	3 years
Computer software	2 years
Leasehold improvements	5 years

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

Assets with a purchase price lower than R5 000 are written off immediately.

1.2 Leases

Operating leases, which are for the rental of property and a multifunction printer, are recognised as an expense in accordance with the terms of the lease agreement. The lease rentals expense have been included under office expenses for the year as it is not considered material for separate disclosure

Accounting Policies Continue...

1.3 Impairment of assets

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

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, 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

The impairment of assets was not materialised this year

1.4 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.

1.5 Grants

Grant income is recognised when the grant funds are received and the conditions of the grant are met.

1.6 Revenue

Donation and grant income are recognised when it is received.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Mpilonhle 'A Good Life'

Annual Financial Statements for the year ending 31 December 2019

Notes to the Financial Statements

Figures in Rand	2019	2018
1. Grant Funds Received		
Funds Received	18 502 142	28 669 919
1.1 Cash generated from operations		
Total comprehensive surplus/(deficit) for the year	1 195 327	(1 884 669)
Adjustment for:		
Depreciation and amortisation	779 370	772 490
Interest received	-	(75 330)
Finance costs	-	3 484
	1 974 697	(1 184 025)
Changes in working capital		
Accounts receivable	20 576	(118 664)
Accounts payable	(20 576)	(660 844)
Cash generated from operations	1 974 697	(1 963 533)

2. Property, plant and equipment

	Opening Balance 2019	Additions	Depreciation	Carrying Value 2019
Leasehold Improvements	1 098 939	-	(366 313)	732 626
Furniture & Fittings	84 475	-	(21 119)	63 356
Motor vehicles	462 785	-	(154 262)	308 523
IT equipment	238 285	300 151	(237 676)	300 761
	1 884 484	300 151	(779 370)	1 405 266

3. Cash and Cash Equivalents

Cash and cash equivalents consist of:	2 905 745	1 231 199
Bank Balances	2 905 745	1 231 199

Mpilonhle 'A Good Life'

Annual Financial Statements for the year ending 31 December 2019

Notes to the Financial Statements (Cont.)

Figures in Rand	2019	2018
4 Grants and Other Income		
Discovery Trust	350 000	350 000
Department of Health	1 274 878	1 125 399
Department of Science and Innovation	2 459 378	-
Independent Development Trust	1 386 829	1 431 251
Global Fund	9 607 039	22 563 308
PEPFAR Community Grant	385 067	-
University Research Co (URC)	2 373 332	2 878 060
Friends of Mpilonhle	595 618	321 901
Smollan SA	70 000	-
	18 502 141	28 669 919

Mpilonhle 'A Good Life'**Annual Financial Statements for the year ending 31 December 2019****Detailed Income statement**

Figures in Rand	Note(s)	2019	2018
Total Income		21 031 071	28 745 249
Grant Received		18 502 142	28 669 919
Interest and Other Income		2 528 928	75 330
Operating expenses		19 835 743	30 629 918
Auditors Remuneration		102 000	-
Bank Charges		116 755	105 520
Community Project		1 483 584	66 645
Consulting and Professional Fees		710 024	174 226
Depreciation and Impairments		779 370	772 490
Employee Costs		12 655 390	19 381 049
Office Expenses		1 975 003	5 718 677
Other Direct Costs		1 552 089	3 439 762
Travel and Accomodation		461 529	971 549
Total Comprehensive Surplus/(Deficit) for the year		1 195 327	(1 884 669)