

**THE JOHANNESBURG CHILDREN'S HOME NPC
(Incorporated Association not for gain)
(COMPANY REGISTRATION NO. 1939/012624/08)
(NONPROFIT ORGANISATION NO. 001-034 NPO)**

ANNUAL FINANCIAL STATEMENTS

31 MARCH 2020



**■ REGISTERED ACCOUNTANTS
& AUDITORS ■**

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

BOARD OF DIRECTORS

Mdluli A.V. (Chairperson)	Lockwood G.P. (resigned 31 March 2020)
Westcott B.J. (Vice Chairperson)	Mokoena G.T.
van der Colff C.A.(Treasurer) (appointed 9 May 2019)	Niven S.A.F.
Brokensha A.	Ramjettan D.
Cara N.	Stimpel C.A.S. (appointed 9 May 2019)
Fletcher R.C. (resigned 25 July 2019)	Visser C.M. (appointed 9 May 2019)

NATURE OF BUSINESS

Caring for children

AUDITORS

Axiom Registered Accountants & Auditors

LEVEL OF ASSURANCE

Voluntarily Audited

PREPARER OF FINANCIAL STATEMENTS

Mr Dean Pretorius CA(SA)

BANKERS

First National Bank

COMPANY REGISTRATION NUMBER

1939/012624/08

NONPROFIT ORGANISATION NUMBER

001-034 NPO

REGISTERED AND PHYSICAL ADDRESS

45 URANIA STREET
OBSERVATORY
GAUTENG
2198

COUNTRY OF INCORPORATION

South Africa

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**THE JOHANNESBURG CHILDREN'S HOME NPC
APPROVAL OF FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2020**

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DIRECTORS' RESPONSIBILITY

The directors are required in terms of the Companies Act of South Africa, 2008 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 that ended, in conformity with International Financial Reporting Standards for small to medium-sized enterprises. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards for small to medium-sized enterprises 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 directors set 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 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 period to 31 March 2021 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.

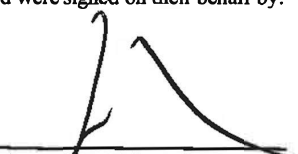
The independent external auditors have audited the annual financial statements and their modified report appears on page 9 and 10.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements are set out on pages 3 to 26, which have been prepared on the going concern basis, were approved by the directors on 30 September 2020 and were signed on their behalf by:



MR. A.V. MDLULI



MR. B. WESTCOTT

**REPORT OF THE BOARD OF DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020**

1. OPERATIONS

The Home has been incorporated as a non-profit company under the Companies Act 2008, for the purpose of caring for children.

2. FINANCIAL RESULTS

The results for the year are set out in these financial statements.

3. BOARD OF DIRECTORS

The names of the Board of Directors are given on page 1.

4. EXECUTIVE DIRECTOR

Mrs. A. Brokensha

5. SUBSEQUENT EVENTS

The company notes the announcement made by President Cyril Ramapohosa on 23 March 2020 during which it was announced that the South African Government will be implementing nationwide lockdown with effect from midnight on 26 March 2020 to curb the spread of COVID-19. The company is committed to contributing to the prevention of the spread of COVID-19 and will comply with the measures announced by the South African Government. Since the year end financial date, the company has assessed the impact of COVID-19 on the annual financial statements and considered the potential impact on the company. While it is envisaged that there will be a negative impact on the performance of the company over the remainder of the financial year, the full impact of COVID-19 cannot be reasonably estimated at this time. The full impact of the COVID-19 outbreak continues to evolve at the date of this report.

Management will continue to assess the financial impact on the company's financial condition, liquidity, operations suppliers, industry and workforce , whilst placing the health and safety of employees first.

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

Managing Director's Note

The Johannesburg Children's Home, established in 1892, is a well-maintained institution with a long history of exemplary service to orphans and vulnerable children in our city. Situated in Observatory just east of the inner city it has survived the Boer war, 2 World Wars, the Spanish flu, the Great Depression, the untold misery caused by apartheid and the Struggle for freedom, the HIV/AIDS pandemic and the recent rise in corruption, which has crippled the economy. As I write this report we are nearing the peak of the COVID-19 corona virus pandemic and I have to conclude that if our predecessors could get this Children's Home through the devastating times of the last one and a quarter centuries, then so can this team. We have a great legacy to build on.

The children's home cares for 64 vibrant and energetic children, all of them on their way to becoming beautiful and strong young people, despite the hardships they have endured.

Thanks to the sustained focused over the last four years, the businesses we developed to help sustain the children's home reached a point of stability. Focus has thus shifted to the all-important skills development opportunities which these business ventures offer to the children in our care.

Our heartfelt thanks go to all our donors, volunteers and staff who make it possible for children to find a healing, loving and stimulating environment to grow up in.

Annette Brokensha

Annette Brokensha
Managing Director

30th September 2020

ANNUAL REPORT

CHILD CARE

The social work and childcare department is now managed by Faiza Khota, an experienced manager, social worker and trainer, who has seamlessly fitted into our team. Linda Madhoyo, our previous Manager, who did an excellent job in supporting the children and the care workers, has left and is pursuing a career abroad. We wish her the absolute best.

We continue to run our programmes focusing on the holistic development of our children.

The Siphamandla Therapeutic programme is a pro-active programme which is continually revised based on the themes which are observed in the extensive therapeutic work with the children. As the children are faced with different challenges at each development stage, therapy is of paramount importance. Bullying and aggression, relationships, exiting care, development of communication skills, confidence, and depression have been the main therapeutic areas attended to. Respect, self-love, kindness were the main themes that were presented therapeutically in group sessions.

A music therapist joined our multi-disciplinary team as part of a learnership programme. His therapeutic approach through song writing and expressive work is contributing greatly to the overall healing process.

A protective behaviours workshop was facilitated for all our children which focused on reaching coping skills and building resilience. Some children attended "She's me", a life skills camp where topics like self-confidence and self-esteem were covered.

Naturally, the education programme enjoys priority. A highlight for us was the three children who matriculated, two with a bachelor's pass and one with a diploma.

We now have a big group of young people in tertiary education or attending work skills programme actively preparing to leave our care. Three young people are enrolled in work readiness programmes. One has completed her chef school qualification, now has a job, and will leave as soon as she is on her feet. Three young people are getting work experience within our social enterprises while we look for other opportunities. One young person is continuing a BA degree at St Augustine's University and another was accepted at University for a BA degree in Community Development and Leadership.

Most of our children attend public schools. We have two children in matric and our youngest started Grade R. Several children attend specialist schools, which offer a non-stigmatised environment where attention can be given to developmental delays or behavioural issues caused by trauma and the resultant movement from one school to the other.

Our team of part time staff members are deeply committed to seeing our children excel in art, in computer use, music and in their maths classes. Our maths tutor reported that 14 out of the 16 children in the programme showed improvement in their school results.

The children and care workers work in teams to develop life skills such as team work, leadership, confidence, creativity, self-discipline, determination and co-operation through the implementation of a series of programmes with activities such as sport competitions, cultural days, bead making, sewing, cooking and gardening.

Art, yoga, and dance classes continue on a weekly basis. Self-defence classes were also offered. A group of 9 children attended dance lessons at the Moving into Dance studios.

Our own dance troupe continues to excel. They were placed 1st in the team category and 2nd in the duo category at the Gauteng dancer of the year competition.

The children enjoyed invitations to theatre shows and movies which provided both a fun outing and inspired creativity.

The young people in our care-leavers programme meet at the Home for support groups, a meaningful source of encouragement and camaraderie to continue their journey beyond care.

Many individuals and corporate volunteers have assisted with the programmes. The group of loyal mentors and homework volunteers have made a big difference by introducing children to opportunities beyond our walls.

PARTNERS IN CARE

Caring for the carers is often an overlooked area of sponsorship, yet vitally important. The team carries a heavy burden, with each childcare worker supporting up to 10 children at a time. We have a wonderful ongoing opportunity to partner with The Sophiatown Community Psychological Services, who ran an in-depth programme with our team, who are thus empowered to offer an increasingly richer experience of care to the children.

We are grateful for ongoing support from the Charlotte Maxeke Child and Family Unit, Hillbrow Health Precinct, Rahema Moosa Paediatric unit, Tara, the psychiatric unit at Baragwanath Hospital, Childline Gauteng, The Teddy Bear Clinic, Girls and Boys Town and JPCCC, Living Link. Sparrow FET, Spec Savers, Wits University, St Augustine's, The President's Awards Team, DGB, Mc Donald's and the Newtonian Hotel.

Our local church continues to transport our children to church every Sunday and run a regular weekly meeting. The importance of spiritual grounding has been highlighted by the youth who have left care. This service provides direct support for the future success of our children.

The mentorship programme has proved beneficial, and several children are enjoying the support of mentors and are feeling inspired and encouraged to focus on their futures. Our mentors are dedicated and selfless and make a significant difference in children's lives. We are also partnering with the Character Company, who work with the younger boys, focussing on character development.

Volunteer support for homework assistance has increased dramatically and we are seeing good results in school reports.

A dedicated volunteer is assisting us with the President's Award programme. Four of our children received awards at the ceremony last year.

Many individuals and organisations have partnered with us for fun events or outings with the children which remain highlights in the children's lives.

OPERATIONS

Under Fiona Duke's leadership, our operations department runs with great efficiency. The team of experienced and dedicated staff members keep the cottages, kitchen, laundry, vehicles, security, and grounds in tip-top condition. The team takes great pride in providing for the children's basic needs in preparing healthy meals, clean clothes and ensuring a safe living environment for the children.

Our heartfelt thanks go to the Johannesburg community for your material support for our operations. We regularly receive donations of food, clothing, furniture, maintenance materials and much, much more.

In the tough economic climate, the team did a good job controlling expenses and we thank our suppliers who have also been willing to keep increases at a minimum.

We are pleased to report that the inside of the children's cottages received a new coat of paint. We extend our sincere thanks to several teams of volunteers who helped us to paint during Madiba month. One cottage received a complete overhaul with new floors, rewiring, major plumbing repairs, new furniture, household appliances and décor- for this we thank Servochem and their suppliers for the extensive renovations.

The borehole continues to function, and the water quality is excellent. Regular tests are conducted to ensure safety for consumption.

The gardening team from Life Landscapes assisted us to extend the food gardens even further. We are grateful to the many corporate teams who continue to support us in this project by providing plants and extra hands.

The children have a renewed interest in gardening, and we hope to publish a special report on their work and learning experience. We continue our composting of organic waste and thereby reducing our carbon footprint.

FUNDRAISING

Our fundraising team under the leadership of Margaret Michaels continues to raise funds to provide for the children's needs. The JCH Board plays an active role in our fundraising efforts.

The home has transparent systems of record keeping, which assures donors that every donation is used carefully to ensure maximum support for the children in our care. The audited financial report is attached for your perusal.

We are grateful to our loyal platinum donors for their significant contributions:

The National Lotteries Commission has funded us this year. The Gauteng Department of Social Development continues to partner with JCH and we thank them for their support. DGB, the Robert Niven Trust, Elkin Trust and Drummond Trust continues to support the home. The Javett Foundation supported education across different platforms for the children. Servochem continued with their programme and upgraded an entire living unit. Rothschild continued to support essential items. Barrow construction and Bopcons are investing in the development of our new Early Childhood Development Centre.

We thank every one of our donors – companies and individuals, who have given according to their means. Your donation has given children a safe place to live and grow up in. We are in awe every time we realise how loyally the South African community supports its children.

SOCIAL ENTERPRISES

We commend our SE manager, Alison McVey and the entire JCH team for growing the small businesses which was set up to generate income for the home. The effort grew to such an extent that we had to employ a fulltime manager in the person of Sandra Perry who joined us at the end of November. Her focus has been the integration of skill development opportunities for the children. We thank our staff members who are willing and keen to innovate and develop the projects.

- Our catering business has a regular client base, which has helped us to develop systems and stabilise our relationship with suppliers.
- Our charity shop in Queen Street in Kensington is a fantastic success, and we are grateful to the local community for their donations of clothing, books and household items and for their love of second-hand shopping.
- Our bright and sunny B&B, set up in an unused building, is garnering rave reviews on Bookings.com. It provides affordable accommodation to people who attend training courses at JCH or elsewhere in the city. International visitors who enjoyed short sightseeing visits to Johannesburg have found it pleasant and convenient.
- The Westcott Hall on the property has become a sought-after venue for training, especially for the NGO sector. The professional catering provided by our kitchen, the generous amount of safe parking, and the tranquil setting give it a competitive edge.
- The laundry service caters for the B&B and training venue and to other venues and homes. Handling mainly bulky items like tablecloths, curtains, and bedding.

We are delighted that these small businesses also give our children the chance to learn skills in hospitality, catering, retail, and client services to prepare them for the world of work.

Most of these activities are severely impacted by the lockdown restrictions. As mentioned elsewhere the new interest in gardening is developing new opportunities for income and may provide us with a more focussed approach when we go back to the market post the pandemic

EARLY CHILDHOOD DEVELOPMENT

The Johannesburg Children's Home (JCH) has noted with concern that many children in our surrounding community are not receiving adequate Early Childhood Development (ECD). Upon investigation we realised that it is within our power to offer quality pre-school education in a registered facility at the children's home.

To this end we conducted a feasibility study which confirmed the need in the community. The Department of Social Development is keen to register a facility in our area. We identified an unused building on the grounds and with the generous help of Barrow construction, and several donations from associate suppliers, a beautiful renovation built to ECD specification, is nearing completion. Bopcons Construction funded the road reconfiguration for safe entry to the property and are developing the safe drop-off /collection parking area. The building can accommodate 3 classes of 20 children each.

Most of the groundwork is in place and we are actively seeking financial support to bring this vital service to disadvantaged children who live in difficult, cramped environments on the edge of the inner city of Johannesburg.

CONCLUSION

We are continuously reminded of the legacies left by the many people who have gone before, establishing a successful and sustainable place of care for vulnerable children in Johannesburg. We are grateful to our loyal donors who have stayed with us in these difficult times and those who see the importance of developing new projects to ensure the future care of our children.

We celebrate the resilience of our children and their keen interest to learn skills through our small business ventures.

We thank the Board of Directors and committed staff members who have ensured continuity and high standards of corporate governance and service delivery in every aspect of the home.

We salute our mentors for their selfless participation and thank each one of our supporters for your contribution.

Together we can continue to assist the orphans and vulnerable children in our care to reach their God-given potential.



REGISTERED ACCOUNTANTS
& AUDITORS

Telephone (016) 428-2524

Fax (016) 428-3276

support@axaud.co.za

www.axaud.co.za

Office 7 Magic Garden Centre

Corner Zea Avenue and Johannesburg Road

Arconpark

P. O. Box 2305

Vereeniging 1930

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF THE JOHANNESBURG CHILDREN'S HOME NPC

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Qualified Opinion

We have audited the financial statements of The Johannesburg Children's Home NPC set out on pages 1 to 20, which comprise the statement of financial position as at 31 March 2020, and statement of comprehensive income and expenditure, 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 Johannesburg Children's Home NPC as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for small to medium-sized enterprises and the requirements of the Companies Act of South Africa.

Basis for Qualified Opinion

The Johannesburg Children's Home NPC, in common with other charitable organizations, receives certain Income from donations and fundraising, the recognition of which, due to its nature, is not susceptible to verification by generally accepted auditing procedures. Therefore, our examination relating to such income was limited to the amount thereof recorded in the financial records.

Included in Donations in kind income is an amount of R219 047 (2019 R176 354). The company did not have adequate internal controls to maintain records of donations in kind for goods received. We were unable to obtain sufficient appropriate audit evidence to substantiate the donations in kind disclosed in the statement of comprehensive income and expenditure. As a consequence, we were unable to determine whether any adjustments were required to the financial statements arising from donations in kind income and Children's subsistence received in kind expense.

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 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.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa and the supplementary information set out on page 3 to 8 and page 26. 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.

Registered Auditors

Denice N Carr CA (SA) (RA - 644110)

Msheliso Schaboltz CA (SA) (RA - 760633)

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for small to medium-sized enterprises 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 skepticism 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.

Axiom Registered Accountants & Auditors

DENICE NOELLE CARR (644110)
PARTNER - AXIOM REGISTERED ACCOUNTANTS & AUDITORS
REGISTERED AUDITOR
30 SEPTEMBER 2020
Office No 7 Magic Garden Centre
Corner of Zea- and Johannesburg Road
Arcon Park
Vereeniging
1930

**STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 MARCH 2020**

	Note	2020 R	2019 R
INCOME			
Fund raising and donations		4 624 314	4 744 515
Department of Social Development		3 215 467	2 351 285
Income from investments	5	875 417	678 934
Donations in kind		219 047	176 354
Rental income		93 418	156 895
Other income		93 485	64 552
Insurance claim		12 735	48 503
Profit on disposal of assets		-	18 172
TOTAL INCOME		9 133 883	8 239 210
EXPENDITURE			
		11 797 451	11 020 807
Children's subsistence		8 738 624	8 348 323
Children's subsistence received in kind		219 047	141 867
Fund raising & promotions		1 928 635	1 750 825
Administration and operational costs		911 145	779 792
FINANCE COST		-	-
NET (DEFICIT) / SURPLUS FOR THE YEAR	6	<u>(2 663 568)</u>	<u>(2 781 597)</u>
OTHER COMPREHENSIVE INCOME			
Available-for-sale financial assets		(6 148 294)	(1 626 180)
Reserves utilised for the year		3 104 096	1 982 768
National Lotteries Commission		1 881 233	1 322 910
The Javett Foundation		450 000	430 000
Special Project		772 863	229 858
Non-recurring income		-	1 970 863
The G S Elkin Residuary Will Trust		-	1 970 863
OTHER COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR, NET OF TAX		<u>(3 044 198)</u>	<u>2 327 451</u>
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		<u><u>(5 707 766)</u></u>	<u><u>(454 146)</u></u>

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 R	2019 R
ASSETS			
Non - current assets		29 792 463	35 567 055
Property and equipment	7	13 834 255	13 000 640
Financial assets	8	15 958 208	22 566 415
Current assets		2 155 419	2 253 639
Trade and other receivables	10	1 098 686	1 206 792
Cash at bank and on hand		1 056 733	1 046 847
Total assets		31 947 882	37 820 694
EQUITY & LIABILITIES			
Capital and reserves		30 481 949	36 919 497
Accumulated surplus		31 166 790	30 726 264
Membership fees		2 975	2 975
Reserve - National Lotteries Commission		-	6 917
Reserve - The Javett Foundation		-	450 000
Reserve - Special Project		157 279	430 142
Revaluation of investment	8	(845 095)	5 303 199
Current liabilities		1 465 933	901 197
Trade and other payables	11	1 465 933	901 197
Taxation		-	-
Total equity and liabilities		31 947 882	37 820 694

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Special Project Reserve R	The Javett Foundation Reserve R	National Lotteries Commission Reserve R	Membership fees R	Accumulated surplus R	Revaluation of investment R	Total R
Balance at 31 March 2018	340 000	430 000	1 329 827	2 975	29 554 230	6 929 379	38 586 411
Funds applied to reserves	320 000	450 000	-	-	-	-	770 000
Reserves utilised for the year	(229 858)	(430 000)	(1 322 910)	-	1 982 768	-	-
Net surplus/(deficit) for the year	-	-	-	-	(2 781 597)	(1 626 180)	(4 407 777)
Non-recurring income	-	-	-	-	1 970 863	-	1 970 863
Increase in membership	-	-	-	-	-	-	-
Balance at 31 March 2019	430 142	450 000	6 917	2 975	30 726 262	5 303 199	36 919 495
Funds applied to reserves	500 000	-	1 874 316	-	-	-	2 374 316
Reserves utilised for the year	(772 863)	(450 000)	(1 881 233)	-	3 104 096	-	-
Net surplus/(deficit) for the year	-	-	-	-	(2 663 568)	(6 148 294)	(8 811 862)
Non-recurring income	-	-	-	-	-	-	-
Increase in membership	-	-	-	-	-	-	-
Balance at 31 March 2020	157 279	-	-	2 975	31 166 790	(845 095)	30 481 949

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020**

	Notes	2020 R	2019 R
CASH FLOWS FROM OPERATING ACTIVITIES		(1 905 700)	(283 251)
Cash generated / (utilised) from operations	12.1	(2 781 117)	(962 185)
Increase in deferred income - National Lotteries Commission		-	-
(Decrease)/Increase in deferred income - The Javett Foundation		-	-
Income from Investments		875 417	678 934
CASH FLOWS FROM INVESTING ACTIVITIES		(458 730)	(1 514 754)
Decrease / (Increase) in financial assets		459 914	(1 032 742)
Net purchase of assets		(918 644)	(502 012)
Proceeds on sale of assets		-	20 000
CASH FLOWS FROM FINANCING ACTIVITIES		2 374 316	770 000
Increase in membership fees		-	-
Increase in Reserve - National Lotteries Commission		1 874 316	-
Increase in Reserve - The Javett Foundation		-	450 000
Increase in Reserve - Special Project		500 000	320 000
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		9 886	(1 028 005)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1 046 847	2 074 852
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		1 056 733	1 046 847

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

1 ACCOUNTING POLICIES

The financial statements set out on pages 11 to 25 are prepared on the historical cost basis except for investment property as stated in policy 1.2 and as adjusted by the revaluation of investments as detailed in note 1.6, and incorporate the following principal accounting policies which are consistent with those applied in the previous year. The company's significant accounting policies conform with International Financial Reporting Standards for small to medium-sized enterprises.

The financial statements are prepared on the going concern basis.

1.1 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

The company classifies its financial assets into the following categories:

- held-to-maturity financial assets;
- loans and receivables;
- available-for-sale financial assets; and
- financial assets at fair value through profit and loss.

The classification is dependent on the purpose for which the financial asset is acquired. Management determines the classification of its financial assets at the time of the initial recognition and re-evaluates such designation at least at each reporting date.

Financial assets are recognised on transaction date when the company becomes a party to the contracts and thus obtains rights to receive economic benefits and are derecognised when these rights no longer exist.

Financial assets are stated initially on transaction date at fair value including transaction costs. Held-to-maturity financial assets and loans and receivables are subsequently stated at amortised cost using the effective interest rate method. Available-for-sale financial assets are subsequently stated at fair value at the reporting date.

Unrealised gains and losses arising from revaluation of available-for-sale financial assets are recognised as other comprehensive income and included in the investment fair value reserve. On disposal or impairment of available-for-sale financial assets, cumulative unrealised gains and losses previously recognised in other comprehensive income are included respectively in determining the profit or loss on disposal of, or impairment charge relating to, that financial asset, which is recognised in the income statement.

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

Financial Liabilities

Debt, which constitutes a financial liability, includes short-term and long-term debt. Debt is initially recognised at fair value, net of transaction costs incurred and is subsequently stated at amortised cost.

Debt is classified as short-term unless the entity has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Debt is derecognised when the obligation in the contract is discharged, cancelled or has expired. Premiums or discounts arising from the difference between the fair value of debt raised and the amount repayable at maturity date are charged to the income statement as finance expenses based on the effective interest rate method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (Continued)**

1.2 Investment properties

In the opinion of the directors, certain of the land and buildings constitute investment property and are stated at fair value. The property will be valued annually by the directors and every three years by an independent valuator at open market value.

All gains and losses arising from changes in the fair value are recognised in the income statement for the period in which they arise.

The difference between the net proceeds on disposal and the revalued amount of investment property is charged to the income statement. Any balance in the fair value reserve relating to disposed property, is transferred to retained earnings.

1.3 Property and equipment

Equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Equipment & computers	12,5% - 16,7%
Vehicles	10%
Furniture & fittings	5%

Owner-occupied land is not depreciated, whilst buildings are depreciated on a straight line basis estimated to write each asset down to its residual value over the term of its useful life.

The carrying values of assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of assets is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognised in the income statement.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

1.4 Accumulated funds

All income and expenditure of a revenue nature is accounted for in the income statement.

Certain income is received for specific purposes and where such income has not been fully utilised during the year, amounts representing the unutilised portions are transferred to the appropriate funds.

In subsequent years transfers are made from these funds to the income statement as the amounts are utilised. Amounts representing bequests and profits on sales of bequeathed investments are transferred to the bequests fund.

1.5 Provisions

Provisions are recognised where the company has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Long-term provisions are determined by discounting the expected future cash flows to their present value.

The increase in discounted long-term provisions as a result of the passage of time is recognised as a finance expense in the income statement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (Continued)**

1.6 Investments

Investments are kept at fair value. Any adjustments to the fair value of the investments are transferred to a non-distributable reserve. Investments are classified as available-for-sale assets.

1.7 Bank balances

Certain uncleared cheques are included in accounts payable.

1.8 Comparatives

Where necessary, comparative figures have been adjusted to take effect of changes in the presentation in the current year.

1.9 Income

Revenue from donations, sponsorships, grants and subscriptions are recognized when cash is received.

The company receives various pro-bono services and donations in kind. Revenue has not been brought to account in the financial statements for services as management are unable to reasonably estimate the value of these donations and services. Revenue has been brought to account in the financial statements for contributed assets, for which the company has an effective need, as management are able to reasonably estimate the fair value of these goods.

Gifts donated for resale are included as income when they are sold.

2 KEY ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Depreciation is influenced by useful life and residual value estimations. Any change in management's estimates of residual values and useful lives would impact the depreciation charge.
- Estimates made in determining the probability of future taxable income, thereby justifying the recognition of deferred tax assets.

3 DEFINITIONS

3.1 Cash and cash equivalents

The cash and cash equivalents amounts disclosed in the cash flow statement comprises cash on hand, deposits held on call with banks and highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant changes in value.

3.2 Financial instruments

3.2.1 Financial asset

Cash or cash equivalents, a right to receive cash, an equity instrument or a right to exchange a financial instrument under favourable conditions.

3.2.2 Financial liability

A contractual obligation to pay cash or transfer other benefits or an obligation to exchange a financial instrument under unfavourable conditions. This includes debt.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (Continued)**

3.2.3 Available-for-sale financial asset

A financial asset that has been designated as available-for-sale or a financial asset other than those classified as loans and receivables, held-to-maturity investments or derivative instruments. An investment intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, is classified as a non-current available-for-sale financial asset.

3.2.4 Children's subsistence and Children's subsistence received in kind

Expenses attributable to the welfare of the children under the care of the company.

3.2.5 Fund raising & promotions

Expenses attributable to the raising of funds for the welfare of the children under the care of the company.

3.2.6 Administration and operational costs

Expenses not directly attributable to children's subsistence or fund raising & promotions.

	2020	2019
	R	R
4 OPERATING LEASES		
Commitment in next twelve months:		
- Buildings thereafter	173 050	143 000
- Buildings	173 050	373 600
Total	<u>346 100</u>	<u>516 600</u>
5 INCOME FROM INVESTMENTS		
Dividends - listed shares	997 526	876 614
Interest	344 157	341 789
Profit / (loss) on sale of shares	<u>(466 266)</u>	<u>(539 469)</u>
	<u>875 417</u>	<u>678 934</u>
6 NET (DEFICIT) / SURPLUS FOR THE YEAR		
Net (deficit) / surplus for the year include:		
Audit fees	45 090	45 090
- Prior year	41 500	40 700
- Other services	2 620	4 390
CIPC annual duty	2 000	2 000
Executive Director's Remuneration - Salary	1 001 813	941 053
Depreciation	85 025	121 625
Staff Costs		
- Salaries and wages (including executive director)	6 706 157	6 062 005
- Contributions to retirements funds	311 768	304 743
- Average number of employees employed during the year	49	47

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

7 PROPERTY, PLANT & EQUIPMENT

2020	Special Building Project	Land & Buildings	Fencing	Motor Vehicles	Furniture, Computers & Equip	Total
	R	R	R	R	R	R
Beginning of year						
Assets at cost	229 858	12 109 134	233 375	1 362 184	920 846	14 855 396
Accumulated depreciation	-	-	-	(1 085 977)	(768 781)	(1 854 759)
Net book value	229 858	12 109 134	233 375	276 206	152 065	13 000 640
Current year movements						
Additions	772 863	90 079	-	-	55 699	918 641
Disposal	-	-	-	-	-	-
Depreciation - current charge	-	-	-	(57 303)	(27 722)	(85 025)
Acc depreciation on disposal	-	-	-	-	-	-
Balance at end of year	1 002 721	12 199 213	233 375	218 903	180 042	13 834 256
Made up as follows:						
Assets at cost	1 002 721	12 199 213	233 375	1 362 184	976 545	15 774 037
Accumulated depreciation	-	-	-	(1 143 280)	(796 503)	(1 939 783)
Net book value	1 002 721	12 199 213	233 375	218 903	180 042	13 834 256

Land, being lots RE/742, RE/741, 62, 35, RE/63, 34, 1/63, 33, and 32 Observatory Township, Johannesburg with Children's Home and ancillary buildings thereon, purchased in 1940 and 1985.

Fair value of Land and Buildings is estimated by the directors at R19 226 000. (21 844 SQM)

2019	Special Building Project	Land & Buildings	Fencing	Motor Vehicles	Furniture, Computers & Equip	Total
	R	R	R	R	R	R
Beginning of year						
Assets at cost	-	12 109 134	233 375	1 239 805	880 772	14 463 086
Accumulated depreciation	-	-	-	(1 109 473)	(731 533)	(1 841 007)
Net book value	-	12 109 134	233 375	130 331	149 239	12 622 079
Current year movements						
Additions	229 858	-	-	232 081	40 074	502 012
Disposal	-	-	-	(109 702)	-	(109 702)
Depreciation - current charge	-	-	-	(84 377)	(37 248)	(121 625)
Acc depreciation on disposal	-	-	-	107 874	-	107 874
Balance at end of year	229 858	12 109 134	233 375	276 206	152 065	13 000 640
Made up as follows:						
Assets at cost	229 858	12 109 134	233 375	1 362 184	920 846	14 855 396
Accumulated depreciation	-	-	-	(1 085 977)	(768 781)	(1 854 759)
Net book value	229 858	12 109 134	233 375	276 206	152 065	13 000 640

Land, being lots RE/742, RE/741, 62, 35, RE/63, 34, 1/63, 33, and 32 Observatory Township, Johannesburg with Children's Home and ancillary buildings thereon, purchased in 1940 and 1985.

Fair value of Land and Buildings is estimated by the directors at R19 226 000. (21 844 SQM)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (Continued)**

8 FINANCIAL ASSETS

	2020 R	2019 R
Financial assets	<u>15 958 208</u>	<u>22 566 416</u>
<i>Nedbank Private Wealth Managed Portfolio TR97238/97238/06</i>		
Opening balance	22 428 994	22 951 580
Interest received	302 815	332 145
Dividends received	997 526	876 614
Trustees fees	(133 484)	(145 696)
Other	-	-
Capital (redeemed) / invested	29	1 400 000
Capital transfers between portfolio's	(1 950 000)	(820 000)
Profit on sale of shares	(466 266)	(539 469)
Adjust to fair value - prior year reversal	(5 303 199)	(6 929 379)
Adjust to fair value - current year	(849 353)	5 303 199
	<u>15 027 062</u>	<u>22 428 994</u>
<i>Nedbank Private Wealth Managed Portfolio JHBCH001/JHBCH001/06</i>		
Opening balance	137 422	208 274
Interest received	41 342	9 644
Dividends received	-	-
Trustees fees	(1 876)	(496)
Capital (redeemed) / invested	(1 200 000)	(900 000)
Capital transfers between portfolio's	1 950 000	820 000
Profit / (loss) on sale of investments	-	-
Adjust to fair value - prior year reversal	-	-
Adjust to fair value - current year	4 258	-
	<u>931 146</u>	<u>137 422</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

9 TAXATION

Taxation has not been provided for as the Home is exempt under Section 10 (1) (cN) of the Income Tax Act.

10 TRADE & OTHER RECEIVABLES

	2020	2019
	R	R
SARS - Vat	25 986	7 627
Other debtors	49 449	108 898
Prepaid expenditure - Water and electricity	965 631	971 720
Deposits	57 619	118 547
	<u>1 098 685</u>	<u>1 206 792</u>

Provision for doubtful debts amounting to R89 793 (2019 : R72 571) has been made.

Maturity profile

Within one year	105 435	146 525
Within one to two years	30 000	30 000
More than two years	963 250	1 030 267
	<u>1 098 685</u>	<u>1 206 792</u>

Fair value of trade and other receivables

The carrying value approximates the fair value because of the short period to maturity of these instruments.

Collateral

The company holds no collateral over trade and other receivables.

11 TRADE AND OTHER PAYABLES

Deposits	15 302	9 802
Trade payables	-	-
Other payables	1 450 631	891 396
	<u>1 465 933</u>	<u>901 198</u>

Maturity profile

Within one year	498 091	363 396
One to two years	967 842	537 802
	<u>1 465 933</u>	<u>901 198</u>

Fair value of trade & other payables

The carrying value approximates the fair value because of the short period to settlement of these obligations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020 (Continued)

12 NOTES TO THE STATEMENT OF CASH FLOWS

12.1 Reconciliation of cash utilised in operations

	2020 R	2019 R
Operating (deficit) / surplus	(2 663 568)	(2 781 597)
Adjusted for:		
Depreciation	85 026	121 625
Profit on sale of assets	-	(18 172)
Income from investments	(875 417)	(678 934)
Non-recurring income	-	1 970 863
	<hr/>	<hr/>
Operating deficit before working capital changes	(3 453 959)	(1 386 215)
Working capital changes:		
(Increase) / decrease in debtors	108 106	(12 553)
Increase / (decrease) in creditors	564 736	436 583
	<hr/>	<hr/>
Cash utilised in operations	<u>(2 781 117)</u>	<u>(962 185)</u>

13 RETIREMENT BENEFIT INFORMATION.

The association continues to contribute to the Momentum Fundsatwork Umbrella provident fund.

The association contributions to the provident fund on behalf of the members, at a fixed percentage of the employee's remuneration at any point in time.

Total contributions to fund	<u>623 177</u>	<u>609 008</u>
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14 CONTINGENT LIABILITY

A contingency for municipal costs has been identified by the directors.

This contingency is estimated at R478 579 (2019 : R706 754) The timing of the outflow of funds is uncertain as it is dependant on communications from the provider.

15 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Introduction

The association is exposed to liquidity, credit and commodity price risk arising from its financial instruments. The Directors and Management have the overall responsibility for the establishment and oversight of the association's risk management framework. The Directors and Management established comprehensive risk management processes which would provide assurance that significant business risks are systematically identified, assessed and reduced to acceptable levels. The Directors and Management meet regularly to review and, if appropriate, approve the implementation of optimal strategies for the effective management of financial risks.

Risk profile

Risk management and measurement relating to each of these risks are discussed under the headings below.

15.1 Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its obligations as they become due. The association manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The association finances its operations through adequate banking facilities and reserve capital deposits held with reputable banking institutions. There are no severe restrictions on these banking facilities and capital deposits. The association has sufficient undrawn deposits which could be utilised to settle obligations.

(Incorporated Association not for gain)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2020 (Continued)

	Note	Total Cash Flows	Within one year	One to two years	More than two years
		R	R	R	R
2020					
Financial Assets					
Loans and Receivables		2 462 045	1 468 795	993 250	-
SARS - Vat	10	25 986	25 986	-	-
Other debtors	10	49 449	49 449	-	-
Prepaid expenditure	10	965 631	30 000	935 631	-
Deposits	10	57 619	-	57 619	-
Call Monies	8	306 627	306 627	-	-
Cash at Bank		1 056 733	1 056 733	-	-
Investments available-for-sale	8	15 651 581	15 651 581	-	-
Total		18 113 626	17 120 376	993 250	-
Financial Liabilities					
Non-derivative instruments		1 465 933	498 091	967 842	-
Deposits	11	15 302	-	15 302	-
Other payables	11	1 450 631	498 091	952 540	-
Total		1 465 933	498 091	967 842	-
		Total Cash	Within one	One to two	More than
		Flows	year	years	two years
		R	R	R	R
2019					
Financial Assets					
Loans and Receivables		2 841 119	1 790 501	1 050 618	-
SARS - Vat	10	7 627	7 627	-	-
Other debtors	10	108 898	-	108 898	-
Prepaid expenditure	10	971 720	30 000	941 720	-
Deposits	10	118 547	118 547	-	-
Call Monies	8	587 480	587 480	-	-
Cash at Bank		1 046 847	1 046 847	-	-
Investments available-for-sale	8	21 978 935	21 978 935	-	-
Total		24 820 054	23 769 436	1 050 618	-
Financial Liabilities					
Non-derivative instruments		901 198	363 396	537 802	-
Deposits	11	9 802	-	9 802	-
Other payables	11	891 396	363 396	528 000	-
Total		901 198	363 396	537 802	-

15.2 Credit Risk

Credit risk, or the risk of financial loss due to counterparties not meeting their contractual obligations, is managed by monitoring procedures.

Trade and other receivables consist mainly of accrued income in the form of grants. The association does not have customers who might owe monies.

Credit Risk exposure in respect of trade receivables is further analysed in note 10.

The carrying value of the investments available-for-sale, loans and receivables and derivative financial instrument financial assets represent the maximum credit risk exposure.

15.3 Investment Return Risk

Exposure to risk on financial assets, investments available-for-sale and liabilities is monitored on a continuous and proactive basis. A limited discretionary mandate has been given to the investment manager of the Nedbank Private Wealth Managed Portfolio whereby investment decisions will be confirmed by the association's Board.

At the reporting date, the interest rate profile of the company's interest bearing financial instruments were:

	2020 R	2019 R
At the reporting date, the association was exposed to market influences on listed equities valued at	<u>15 651 581</u>	<u>21 978 935</u>
Variable Rate Instruments	4.25%	5.75%
At the reporting date, the association was exposed to interest rate influences on deposited funds of	<u>306 627</u>	<u>587 480</u>

**DETAILED EXPENSES SCHEDULE
FOR THE YEAR ENDED 31 MARCH 2020**

Childrens Subsistence	2020 R	2019 R
Food	1 166 446	1 109 741
Personal care	510 509	502 303
Residential care	2 377 490	2 217 776
Depreciation - transport assets	57 304	84 377
Education	532 223	412 189
Transport	553 888	669 317
Insurance	116 219	111 891
Utilities	653 592	802 905
Repairs & maintenance	846 229	752 105
Security	327 046	332 233
Telecommunications	23 021	21 731
Development & recreation	54 883	13 963
Staff development	22 068	9 109
Therapeutic support	1 724 633	1 597 780
Under/(over) provision of expenses	(7 880)	(147 230)
	<u>8 957 671</u>	<u>8 490 190</u>