

Nine Miles Project

Organisation registration number: **116-995 NPO**

**Financial Statements for the period
ended 31 December 2019**

Nine Miles Project

Organisation Information Period ended 31 December 2019

Country of principle operations

South Africa

Directors

P Savel	Chairperson
A Stewart	Treasurer
R O'Mally	Portfolio: Branding
K Sedres	Secretary
M Stanbul	Portfolio: Education
S Matthews	Portfolio: Fundraising
N Savel	Youth

Accountant

Carl Boraine
49 Allaman Street
Kuils River
Cape Town
7580
South Africa

Registration number

116-995 NPO

Currency used

Rand

Nine Miles Project

Financial Statements Period ended 31 December 2019

CONTENTS	PAGE
Statement of Directors' Responsibilities and Approval	1
Independent Auditors Report	2 - 3
Directors Report	4
Statement of Financial Position	5
Statement of Comprehensive Income and Retained Earnings	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 13
The following pages do not form part of the financial statements	
Detailed Statement of Comprehensive Income	14 - 17

Nine Miles Project

Statement of Directors' Responsibilities and Approval

Period ended 31 December 2019

The organisation is managed in terms of Section 10(1) (cN) of the income tax act and non-profit organisations act No 71,1997 of South Africa, and are required 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 the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the organisation for the period from 1 March 2019 to 31 December 2019 and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards for Small to Medium-sized Entities.

The annual financial statements are prepared in accordance with International Financial Reporting Standards for Small to Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors 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 the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.


These controls are monitored throughout the organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's 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.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The annual financial statements set out on pages 2 to 13, which have been prepared on the going concern basis, were approved by the board on 26 May 2020 and are signed on their behalf:



Chairperson



Director Finance

CRAIG WHITTLE ACCOUNTING

Chartered Accountants (SA)

Postnet Suite #52, Private Bag X16, Constantia 7848 Tel : 076 456 3270
Practice number : 901641

INDEPENDENT AUDITOR'S REPORT

To the directors of Nine Miles Project

Qualified Opinion

We have audited the annual financial statements set out on pages 5-13, which comprise the statement of financial position as at 31 December 2019 and the statement of profit or loss and other comprehensive income for the period then ended, and notes to the financial statements, including a summary of significant 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 Nine Miles Project as at 31 December 2019, and its financial performance for the period then ended in accordance with International Financial Standard for Small and Medium-sized Entities and the requirements of the Non-Profit Organisations Act, 1997.

Basis for Qualified Opinion

In common with similar organisations, it is not feasible for the Nine Miles Project to institute accounting control over cash collections from minor or ad-hoc donations and certain fund raising activities prior to the initial entry of the collections in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts actually recorded.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Nine Miles Project 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 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 qualified opinion.

Responsibility of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Non-Profit Organisations Act, 1997, 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 entity'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 entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility 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 it 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 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 entity'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 entity'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 entity 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.



Craig Whittle CA(SA)

Registered Auditor

26 May 2020

Cape Town

Nine Miles Project

Directors Report

Period ended 31 December 2019

The directors present their report and the annual financial statements of the organisation for the period from 1 March 2019 to 31 December 2019.

MAIN BUSINESS AND OPERATIONS

The organisation is engaged in Non-profit sector and operates principally in South Africa.

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

Net profit / (loss) of the organisation was R(19,641) (2019: R252,982) and a change in equity of R19,641.
This report was approved by the board of directors on 26 May 2020 and signed on behalf of the board by:



Chairperson



Director Finance

Nine Miles Project

Statement of Financial Position

31 December 2019

		31 Dec 2019 R	28 Feb 2019 R
	Note		
Assets			
Non-Current Assets			
Property, plant and equipment	2	470,235	516,334
Current assets			
Inventories	3	10,510	7,870
Cash and cash equivalents	4	26,560	2,742
Total Current Assets		<u>37,070</u>	<u>10,612</u>
Total Assets		<u>507,305</u>	<u>526,946</u>
Equity and Liabilities			
Equity			
Retained earnings		<u>507,305</u>	<u>526,946</u>
Total Equity		507,305	526,946
Total Equity and Liabilities		<u>507,305</u>	<u>526,946</u>

The notes on pages 8 to 13 form part of these financial statements.

Statement of Comprehensive Income and Retained Earnings
Period ended 31 December 2019

		Period from 1 Mar 2019 to 31 Dec 2019 R	Year to 28 Feb 2019 R
	Note		
Revenue	5	1,931,385	1,697,111
Operational Income from cash donation transactions		932,757	905,056
Operational Income from non-cash donation transactions		998,628	792,055
Cost of sales		(1,214,443)	(773,931)
Direct Expenses related to cash donation transactions		321,748	333,520
Operational expenses related to non-cash donations		892,695	440,411
Gross profit		716,942	923,180
Administrative expenses		(737,936)	(670,253)
Profit before taxation		(20 994)	252,927
Taxation		-	-
Net (Loss)/profit for the year		(20 994)	252,927
Finance income		1,353	55
Total comprehensive income		(19,641)	252,982
Retained earnings at the start of year		526,946	273,964
Retained earnings at the end of year		507,305	526,946

The notes on pages 8 to 13 form part of these financial statements.

Statement of Cash Flows
Period ended 31 December 2019

		Period from 1 Mar 2019 to 31 Dec 2019	Year to 28 Feb 2019
	Note	R	R
Cash Flows From Operating Activities			
Cash receipts from customers		932,757	905,056
Cash paid to suppliers and employees		(853,087)	(853,550)
Cash generated by operations	6	<u>79,670</u>	<u>51,506</u>
Net cash flow from operating activities		<u>79,670</u>	<u>51,506</u>
Cash Flow From Investing Activities			
Purchase of property, plant and equipment		(57,205)	(63,577)
Finance income		<u>1,353</u>	<u>55</u>
Net cash flow from investment activities		<u>(55 852)</u>	<u>(63 522)</u>
Net increase in cash and cash equivalents		23,818	(12,016)
Cash and cash equivalents at beginning of period		<u>2,742</u>	<u>14,758</u>
Cash and cash equivalents at end of period		<u>26,560</u>	<u>2,742</u>

The notes on pages 8 to 13 form part of these financial statements.

Notes to the Financial Statements

Period ended 31 December 2019

1 Accounting policies

BASIS OF PREPARATION

The Annual Financial Statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. The measurement basis used is historical cost and incorporates the principle accounting policies set out below (except for certain investment properties and certain financial instruments assets which were revalued).

During the period under review, the board of Nine Miles Project changed the financial year end of the organisation from 28 February to 31 December.

SIGNIFICANT JUDGEMENTS

In preparing the Annual Financial Statements, management is required to make estimates and assumptions that affect the amounts represented in the Annual Financial Statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates, which may be material to the Annual Financial Statements. Significant judgements include:

Trade receivables

The organisation assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the organisation makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the contract debtor is impaired. The amount of the provision is the difference between the debtor's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the key assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of intangible and tangible assets.

The organisation reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, intangible assets are tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of intangible and tangible assets are inherently uncertain and could materially change over time.

Notes to the Financial Statements (continued)

Period ended 31 December 2019

Residual values and useful lives

The organisation estimates that the useful life of property, plant and equipment, being the period of time for which the assets can be utilised without significant modifications, replacements or improvements per the accounting policy below.

The carrying value of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Taxation

The project is managed as an NPO Number 116-995, PBO Number 930 046 181. No provision for Income Tax has been made as the NPO is exempt from paying tax in terms of Section 10(1)(cN) of the Income Tax Act.

FIXED ASSETS - PROPERTY, PLANT AND EQUIPMENT

Property consists of land and buildings. Land is carried at cost while buildings are carried at cost less depreciation.

Plant and equipment consist of plant & equipment, computer equipment, office equipment, furniture & fittings and motor vehicles. Plant and equipment are measured at cost less depreciation.

Assets are written down to their recoverable amounts if the recoverable amounts are lower than the carrying amounts.

Depreciation is calculated on a straight-line bases over the expected useful lives of the assets by taking into account their residual values. The expected useful lives are:

Furniture and fittings	Straight line over 5 years
Motor vehicles	Straight line over 4 years
Office equipment	Straight line over 5 years
Plant and machinery	Straight line over 5 years
Surf and training equipment	Straight line over 5 years

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

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

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.

Notes to the Financial Statements (continued)

Period ended 31 December 2019

INVENTORIES

Raw materials, work in progress and finished goods are stated at the lower of cost or net realisable value. The cost price is determined on a first-in-first-out basis.

CASH AND CASH EQUIVALENTS

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk in change in value.

EQUITY

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

REVENUE RECOGNITION

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the risks and rewards of ownership are transferred to the purchaser;
- it is probable that the economic benefits associated with the transaction will flow to the organisation;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.
- the organisation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax. Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Notes to the Financial Statements (continued)

Period ended 31 December 2019

2 Property, plant and equipment

	Land and buildings R	Plant and equipment R	Furniture and fittings R	Motor vehicles R	Total R
Cost					
At 1 March 2019	80,242	691,348	168,672	38,000	978,262
Addition - Donations	-	98,483	-	-	98,483
Purchases	-	57,205	-	-	57,205
At 31 December 2019	<u>80,242</u>	<u>847,036</u>	<u>168,672</u>	<u>38,000</u>	<u>1,133,950</u>
Accumulated depreciation					
At 1 March 2019	(54,692)	(288,695)	(104,041)	(14,500)	(461,928)
Depreciation for the year	(16,049)	(159,042)	(17,196)	(9,500)	(201,787)
At 31 December 2019	<u>(70,741)</u>	<u>(447,737)</u>	<u>(121,237)</u>	<u>(24,000)</u>	<u>(663,715)</u>
Carrying amount					
At 31 December 2019	9,501	399,299	47,435	14,000	470,235

	Land and buildings R	Plant and equipment R	Furniture and fittings R	Motor vehicles R	Total R
Cost					
At 1 March 2018	65,242	341,879	124,270	38,000	569,391
Additions - Donations	-	326,394	18,900	-	345,294
Purchases	15,000	23,075	25,502	-	63,577
At 28 February 2019	<u>80,242</u>	<u>691,348</u>	<u>168,672</u>	<u>38,000</u>	<u>978,262</u>
Accumulated depreciation					
At 1 March 2018	(39,144)	(179,096)	(72,745)	(5,000)	(295,985)
Depreciation for the year	(15,548)	(109,599)	(31,296)	(9,500)	(165,943)
At 28 February 2019	<u>(54,692)</u>	<u>(288,695)</u>	<u>(104,041)</u>	<u>(14,500)</u>	<u>(461,928)</u>
Carrying amount					
At 28 February 2019	25,550	402,653	64,631	23,500	516,334

Notes to the Financial Statements (continued)

Period ended 31 December 2019

3 Inventories

	31 Dec 2019	28 Feb 2019
	R	R
Finished goods	10,510	7,870

4 Cash and cash equivalents

	31 Dec 2019	28 Feb 2019
	R	R
Cash at bank	25,142	1,818
Cash on hand	1,418	924
	<u>26,560</u>	<u>2,742</u>

5 Revenue

	31 Dec 2019	28 Feb 2019
	R	R
Operational Income from cash donation transactions	932,757	905,056
Operational Income from non-cash donation transactions	998,628	792,055
	<u>1,931,385</u>	<u>1,697,111</u>

Notes to the Financial Statements (continued)

Period ended 31 December 2019

6 Cash generated by operations

	31 Dec 2019	28 Feb 2019
	R	R
(Loss)/profit before taxation	(19,641)	252,982
Adjusted for:		
Depreciation	201,787	165,943
Finance income	(1,353)	(55)
Fixed asset non-cash donations	(98,483)	(345,294)
Loan donations	-	(14,200)
Total adjustments	101,951	(193,606)
Working capital changes		
Movement in inventories	(2,640)	(7,870)
Total working capital movements	(2,640)	(7,870)
Cash generated by operations	79,670	51,506

7 Events after the reporting date

No material events which may have a significant influence on the financial position of the entity occurred between the financial year end date and the approval date of the financial statements.

Detailed Statement of Comprehensive Income

Period ended 31 December 2019

(This detailed statement of comprehensive income is for the sole purpose of management and does not form part of the Financial Statements).

	<u>Dec 2019</u>	<u>Feb 2019</u>
	R	R
Total Operational Income	1 931 385	1 697 111
Net Surplus of Social Enterprises	21 032	77 119
Sales - Café	23 060	64 777
COS	(18 212)	(44 612)
Opening Stock	(1 520)	-
Cost of Sales-Café purchases	(19 752)	(46 132)
Closing stock	3 060	1 520
Surfshop sales	10 634	22 424
Surf Lessons and events	5 550	17 130
Team building	-	17 400
Other income from cash donation transactions	893 513	783 325
Donations cash local	708 831	633 734
Donations cash International	22 550	-
Fund raising	66 383	68 772
Fund raising International	32 550	-
Jeffreys Bay Income	-	20 190
Sponsorship	7 100	-
St Francis Surf Project	30 000	36 363
Surf Project Elands Bay	26 099	18 046
Volunteers and other	-	6 220

	R	R
Donation Income Non-Cash	998 628	792 055
Donations Gift Vouchers – Non-Cash	7 000	15 320
Food Parcels - Non-Cash	55 412	150 210
Fixed Asset Donations - Non-Cash	98 483	345 294
Inventory Donations - Non-Cash	7 450	6 350
Internet charges - Non-Cash	15 990	14 868
Donations Other – Non-Cash	110 818	113 567
Rent Paid - Non-Cash	75 000	90 000
Wage Donations COCT- EPWP Project	628 475	56 446

Charitable activities - Welfare expenses	(1 196 231)	(729 319)
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Donations Expenses Non-Cash	(892 695)	(440 411)
Donations Gift Vouchers - Non-Cash	7 000	15 320
Food Parcels - Non-Cash Donations	55 412	150 210
Internet charges - Non-Cash	15 990	14 868
Donations Other – Non-Cash	110 818	113 567
Rent Paid - Non-Cash	75 000	90 000
Wages Paid Donations COCT- EPWP Project	628 475	56 446

	<u>Dec 2019</u>	<u>Feb 2019</u>
	R	R
Direct - Welfare expenses from cash donation transactions	(303 536)	(288 908)
Field Trips	12 106	49 579
Food and Supplies	53 252	34 386
Clothing and Uniforms	8 471	16 978
Community Welfare	3 000	6 030
Donations	2 156	4 589
Empowerment Trips	40 540	10 215
Environmental Programmes	36 000	-
Student Fees	250	-
Gifts	17 593	14 586
Lunches	10 960	40 344
Medical and First Aid	2 469	3 464
Mentorship sessions	-	1 208
Pets and supplies	340	500
Saloon & Beauty	600	1 795
Subscription fee	9 691	5 901
Stipend	2 500	5 848
Training and Development	73 007	70 461
Team building and empowerment	4 637	-
Social Responsibility	3 614	2 964
Wages	22 350	20 060
Gross Profit	716 942	923 180
Finance income	1 353	55

	<u>Dec 2019</u>	<u>Feb 2019</u>
	R	R
Lotto expenses related to cash donation transactions	-	(31 615)
Bank charges	-	681
Clothing	-	15 127
Food and Supplies	-	5 037
Post & Telecommunications	-	105
Publicity for NLC	-	1 000
Stationery & printing	-	3 665
Training & development	-	4 000
Water rates & electricity	-	2 000
Administrative Expenses	(536 150)	(472 695)
Accounting Fees	16 395	18 245
Bank Charges	10 791	9 612
Cleaning	808	196
Communication	24 136	21 294
Consulting	7 000	4 100
Entertainment	-	286
Finance charges	36	24
Fundraising expenses	10 697	2 502
Parking	642	2 365
Printing & Stationery	2 972	2 217
Rent, lights and water	11 100	1 106
Repairs & Maintenance	15 999	15 246
Salaries	364 759	301 570
Security	1 000	2 127
Staff welfare	250	60
Travel and accommodation	8 304	10 619
Vehicle cost & Petrol	61 261	81 126
Net profit Before Depreciation and Tax	<u>182 145</u>	<u>418 925</u>
Depreciation	<u>(201 786)</u>	<u>(165 943)</u>
Net (loss)/profit Before Tax	<u>(19 641)</u>	<u>252 982</u>