

The Social Project Non-Profit Organisation

Registration Number 2015/054382/08

Financial Statements

for the year ended 29 February 2016

The Social Project Non-Profit Organisation
Registration Number 2015/054382/08
Financial Statements for the year ended 29 February 2016

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	<p>The Social Project is an NPO which operates, through local entrepreneurs, supplementary education centres in rural areas, townships and informal settlements across South Africa in order to help address the unacceptably low levels of education found in many of these communities.</p> <p>Through using IT, the tablet-based programme uses largely existing content and learning materials, inviting various role players to collaborate towards developing employable and entrepreneurial school leavers.</p>
Directors	<p>Michael Darby</p> <p>Rachel von Romburgh</p> <p>Penelope Makgati (Secretary)</p>
Registered office	<p>Stand 1344 Eye of Africa</p> <p>Alewynspoort</p> <p>Gauteng</p> <p>1876</p>
Business address	4 Neptune Street, Hout Bay Heights, 7806
Postal address	2 Duiker Street, Hout Bay Heights, 7806
Company registration number	2015/054382/08
Preparer	The financial statements were independently compiled by Elizabeth Bennett (CIMA)
NPO registration number	162-100 NPO
PBO Number	930051043

The Social Project Non-Profit Organisation
Registration Number 2015/054382/08
Financial Statements for the year ended 29 February 2016

Contents

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

Directors' Responsibilities and Approval	3
Directors' Report	5
Statement of Comprehensive Income	7
Statement of Cash Flows	8
Accounting Policies	9
Notes to the Financial Statements	11
Detailed Income Statement	12

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly represent the state of affairs of the company as at the end of the financial year and the results of the operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standards.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the business 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 behaviours 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 year to 28 February 2017 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 annual financial statements set out on pages 4 to 12, which have been prepared on the going concern basis, were approved by the board on 31 July 2016 and were signed on its behalf by:

Signature:

Name: Michael Darby

Designation: CEO and Board Member

Signature:

Name: Penelope Makgati

Designation: Board Member

Directors' Report

The directors have pleasure in presenting their report for the year ended 29 February 2016.

1. Review of activities and financial overview

A. REVIEW OF ACTIVITIES

MAIN BUSINESS

The Social Project is an NPO which operates, through local entrepreneurs, supplementary education centres in rural areas, townships and informal settlements across South Africa in order to help address the unacceptably low levels of education found in many of these communities. Through using IT, the tablet-based programme uses largely existing content and learning materials, inviting various role players to collaborate towards developing employable and entrepreneurial school leavers.

PROGRAMMES

Two members of the local community are trained to operate the centre as a “franchise” from an existing central location (church/ library/ community centre/ school), and market the centre to members of the community, all the way from Grade 1 to Grade 12. The Centre is not marketed as “for the poor” but “for the aspiring leader”.

Using tablets run through a central server (which caches all content), the facilitator guides the learner through the day's lesson, which is a pre-set lesson using interactive video, games, documents and other apps, pre-loaded onto the devices according to grade, subject and section. Our primary focus areas are: English, Science, Maths and Computing, along with developing critical and process thinking skills.

Learners pay a monthly fee of R60 (less than R3 a lesson) to have five hour-long lessons a week; 50% of this income is given to the facilitators as a commission. Holiday schools and adult classes are an additional income and outreach opportunity.

SOCIAL IMPACT

The Centres not only provide educational support for learners in poor and impoverished communities, but also employment for the Centre Managers and Regional Officers.

The Social Drinks initiative, which will begin in March 2016, will provide meals for learners at the Centres through the provision of a cereal meal for every cup of coffee purchased.

B. FINANCIAL OVERVIEW

OPERATING RESULTS

Total income for the company amounted to R1,422,060 (2015: R0) with the primary source of revenue being grants from Glencore, RisCura and Investec Asset Management.

C. RELEVANT ADDRESSES

Registered office	Stand 1344 Eye of Africa Alewynspoort Gauteng 1876
Business address	4 Neptune Street Hout Bay Heights 7806
Postal address	2 Duiker Street Hout Bay Heights 7806

1. Going concern

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

2. Directors

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

Name	Changes
Michael Darby	Appointed 19 February 2015
Rachel von Romburgh	Appointed 19 February 2015
Penelope Makgati	Appointed 19 February 2015

3. Auditor

Arthur Mitchell was the auditor for the year under review.

The Social Project Non-Profit Organisation
Registration Number 2015/054382/08
Financial Statements for the year ended 29 February 2016

Statement of Comprehensive Income

Figures in R	Notes	2016
Revenue		1,664,620
Operating expenses		<u>(728,167)</u>
Operating surplus		936,453
Retained income as at 1 March 2015		0
Surplus for the year		<u>936,453</u>
Retained income as at 29 February 2016		<u>936,453</u>

The Social Project Non-Profit Organisation
Registration Number 2015/054382/08
Financial Statements for the year ended 29 February 2016

Statement of Cash Flows

Figures in R	Notes	2016
Cash flows from operating activities		
Class fees		2,620
Directors' loan		250,000
Cash receipts from donors		1,412,000
Cash generated from / (used in) operations		<u>(735,875)</u>
Net cash from operating activities		<u>928,745</u>
Cash flows from investing activities		
Purchase of plant and equipment	4	<u>(771,474)</u>
Net cash from investing activities		<u>(771,474)</u>
Total cash movement for the year		(157,771)
Cash and cash equivalents at the beginning of the year		<u>0</u>
Total cash and cash equivalents at the end of the year		<u>157,771</u>

Accounting Policies

1. General information

The Social Project is a non-profit organisation.

2. Summary of accounting policies

These annual financial statements have been prepared in accordance with the accounting policies as set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

2.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable in the ordinary course of the organisation's activities.

The organisation recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for the organisation's activities, as described below:

Grants and donations

Grants are recognised in accordance with the provisions of the underlying agreements, and where more appropriate, in the year in which the expenditure in respect of which the grant was received, was incurred.

Other income

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

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

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transactions is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probably that the economic benefits associated with the transaction will flow to the organisation;

The Social Project Non-Profit Organisation
Registration Number 2015/054382/08
Financial Statements for the year ended 29 February 2016

- The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

2.2 Income taxes

The organisation has been approved as a public benefit organisation in terms of section 20 of the Income Tax Act (the Act) and the receipts and accruals are exempt from income tax in terms of section 10(1)(cN) of the Act.

The organisation has been approved for purposes of section 18A(1)(a) of the Act and donations to the organisation will be tax deductible in the hands of the donors in terms of and subject to the limitations prescribed in section 18A of the Act.

3.3 Equipment

Items of equipment consist of teaching aids in the form of computer equipment. These items have limited useful lives and resale values and are charged to the income statement on acquisition.

3.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand, and demand deposits.

Notes to the Annual Financial Statements

Figures in R	Notes	2016
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances		<u>157,271</u>
		<u>157,771</u>
4. Plant and equipment		
Furniture and fixtures		79 368
Office equipment		8 297
IT equipment		<u>683,809</u>
		<u>771,474</u>

The Social Project Non-Profit Organisation
Registration Number 2015/054382/08
Financial Statements for the year ended 29 February 2016

Detailed Income Statement

Figures in R	Notes	2016
Revenue		
iLearning Centre fees		2,620
Directors' loan		250,000
Grant income		<u>1,412,000</u>
Total Revenue		<u>1,664,620</u>
Operating Expenses		
Advertising and marketing		20,985
Application and registration fees		478
Bank fees		2,237
Catering and entertainment		4,562
Consumables		7,720
Consulting and professional fees		19,651
Insurance		1,420
Legal expenses		6,506
Office supplies		1,666
Printing and stationery		14,142
Rent		16,042
Electricity		600
Salaries		518,618
Telephone		11,769
Training		2,223
Travel expenses		62,733
Wages		<u>36,815</u>
Total Expenditure		<u>728,167</u>
Gross Profit / (Loss) for the year		<u>936,453</u>