

Mammadu Trust

(Registration number T161/2008)
Annual financial statements
for the year ended 31 December 2013

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(Registration number T161/2008)

Annual Financial Statements for the year ended 31 December 2013

General Information

Trust registration number	T161/2008
Country of incorporation and domicile	Namibia
Type of trust	Day Care Centre
Registered office	24 Orban Street Klein Windhoek Windhoek Namibia
Auditors	SGA Chartered Accountants and Auditors (Namibia)
Trustees	A. Albrecht M.L. Conradie K.N. Pohamba-Ndume L. Kirsten M.P. Kirsten P. Bassi V. Folcher

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

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Independent Auditors' Report

To the trustee of Mammadu Trust

We have audited the annual financial statements of Mammadu Trust, as set out on pages 6 to 12, which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Annual Financial Statements

The trust's trustees are responsible for the preparation and fair presentation of these annual financial statements in accordance with the Namibian Generally Accepted Accounting Practice - NAC001: Financial Reporting for Small and Medium Sized Entities, and requirements of the Close Corporations Act, and for such internal control as the trustees determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

In common with similar organisations, it is not feasible for the trust to institute accounting controls over donations received prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Opinion

Except for the effect of the matter described in the paragraph above, in our opinion, the annual financial statements present fairly, in all material respects, the financial position of Mammadu Trust as at 31 December 2013.

SGA
Partner

25 June 2014
Per: A.J.Esterhuizen

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Trustees' Responsibilities and Approval

The trustees 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 their responsibility to ensure that the annual financial statements fairly present the state of affairs of the trust as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the Namibian Generally Accepted Accounting Practice - NAC001: Financial Reporting for Small and Medium Sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the Namibian Generally Accepted Accounting Practice - NAC001: Financial Reporting for Small and Medium Sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board of trustees 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 trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees 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 trustees have reviewed the trust's cash flow forecast for the year to 31 December 2014 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the trust's annual financial statements. The annual financial statements have been examined by the trust's external auditors and their report is presented on page 3.

The annual financial statements set out on pages 5 to 13, which have been prepared on the going concern basis, were approved by the board of trustees on 24 June 2014 and were signed on its behalf by:

M.P. Kirsten

A. Albrecht

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Trustees' Report

The trustees submit their report on the annual financial statements of Mammadu Trust for the year ended 31 December 2013.

1. The trust

The trust was formed in terms of an agreement of a donation in trust made and entered into by Mr M.P. Kirsten.

2. Review of financial results and activities

The trust operates in the form of a day care centre and operates principally in Namibia. The day-to-day administration of the centre is performed by A. Albrecht.

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

3. Trustees

The trustees in office at the date of this report are as follows:

Trustees

A. Albrecht
M.L. Conradie
K.N. Pohamba-Ndume
L. Kirsten
M.P. Kirsten
P. Bassi
V. Folcher

4. Events after the reporting period

The trustees are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Auditors

SGA continued in office as auditors for the trust for 2013.

They will continue in office for the 2014 financial year.

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Statement of Financial Position as at 31 December 2013

	Note(s)	2013 N\$	2012 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	2	1 363 838	1 365 076
Current Assets			
Trade and other receivables	3	725	725
Cash and cash equivalents	4	229 424	100 278
		230 149	101 003
Total Assets		1 593 987	1 466 079
Equity and Liabilities			
Equity			
Trust capital	5	1 585 657	1 466 079
Liabilities			
Current Liabilities			
Trade and other payables	6	8 330	-
Total Equity and Liabilities		1 593 987	1 466 079

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Statement of Comprehensive Income

	Note(s)	2013 N\$	2012 N\$
Other income		528 567	606 868
Operating expenses		(408 991)	(306 095)
Operating surplus	7	119 576	300 773
Surplus for the year		119 576	300 773

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Statement of Changes in Equity

	Trust capital	Accumulate d surplus	Total equity
	N\$	N\$	N\$
Balance at 01 January 2012	1 165 306	-	1 165 306
Changes in equity			
Surplus for the year	-	300 773	300 773
Increase in trust capital	300 773	(300 773)	-
Total changes	300 773	-	300 773
Balance at 01 January 2013	1 466 079	-	1 466 079
Changes in equity			
Surplus for the year	-	122 948	122 948
Increase in trust capital	119 578	(122 948)	(3 370)
Total changes	119 578	-	119 578
Balance at 31 December 2013	1 585 657	-	1 585 657
Note(s)	5		

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Statement of Cash Flows

	Note(s)	2013 N\$	2012 N\$
Cash flows from operating activities			
Cash generated from operations	8	<u>186 038</u>	<u>329 695</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	<u>(56 891)</u>	<u>(283 727)</u>
Cash flows from financing activities			
Trust capital		<u>-</u>	<u>1 672</u>
Total cash movement for the year		129 147	47 640
Cash at the beginning of the year		<u>100 278</u>	<u>52 638</u>
Total cash at end of the year	4	<u>229 425</u>	<u>100 278</u>

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Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Namibian Generally Accepted Accounting Practice - NAC001: Financial Reporting for Small and Medium Sized Entities. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Namibia Dollars.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible items that:

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

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Land	Indefinite
Furniture and fixtures	33%
Motor vehicles	33%
Office equipment	33%

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	2013			2012		
	Cost / Valuation	Accumulated depreciation and impairments	Carrying value	Cost / Valuation	Accumulated depreciation and impairments	Carrying value
Land and buildings	1 266 988	-	1 266 988	1 266 988	-	1 266 988
Furniture and fixtures	128 682	(73 445)	55 237	128 682	(30 594)	98 088
Motor vehicles	55 000	(15 125)	39 875	-	-	-
Office equipment	1 894	(156)	1 738	-	-	-
Total	1 452 564	(88 726)	1 363 838	1 395 670	(30 594)	1 365 076

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions	Depreciation	Total
Buildings	1 266 988	-	-	1 266 988
Furniture and fixtures	98 087	-	(42 850)	55 237
Motor vehicles	-	55 000	(15 125)	39 875
Office equipment	-	1 891	(153)	1 738
	1 365 075	56 891	(58 128)	1 363 838

Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Depreciation	Total
Buildings	1 094 045	172 943	-	1 266 988
Furniture and fixtures	17 898	110 784	(30 594)	98 088
	1 111 943	283 727	(30 594)	1 365 076

Details of properties

Property consists of Erf 3452, Frankfurt Street, Extension 9 Windhoek, registered division "K", measuring 4 72 square meters.

3. Trade and other receivables

Deposits	725	725
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4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	228 542	93 830
Other cash and cash equivalents	882	6 445
	229 424	100 275

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	2013 N\$	2012 N\$
5. Trust capital		
Capital account / Trust capital		
Balance at beginning of year	1 466 079	1 165 306
Investments introduced	119 578	300 773
	<u>1 585 657</u>	<u>1 466 079</u>
6. Trade and other payables		
Other payables	4 960	-
Provision for water and electricity	3 370	-
	<u>8 330</u>	<u>-</u>
7. Operating surplus		
Operating surplus for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	58 132	28 922
Employee costs	59 642	68 792
8. Cash generated from operations		
Surplus before taxation	119 576	300 773
Adjustments for:		
Depreciation and amortisation	58 132	28 922
Changes in working capital:		
Trade and other payables	8 330	-
	<u>186 038</u>	<u>329 695</u>

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Detailed Income Statement

	Note(s)	2013 N\$	2012 N\$
Other income			
Donations		528 567	606 868
Operating expenses			
Advertising		380	850
Bank charges		4 786	4 226
Cleaning		2 593	2 429
Clothing and schoolwear		6 534	-
Computer expenses		-	1 961
Consumables		59 053	54 603
Delivery expenses		94	-
Depreciation, amortisation and impairments		58 132	28 922
Employee costs		59 642	68 792
Functions		720	2 573
General expense		1 828	78
Gym and coaching fees		4 150	-
Insurance		9 580	3 866
Motor vehicle expenses		53 778	809
Municipal expenses		40 020	21 069
Packaging		148	-
Petrol and oil		9 165	10 082
Postage		-	137
Printing and stationery		271	130
Purchases		1 600	-
Repairs and maintenance		2 060	16 447
School and hostel fees		29 812	18 636
Security		58 400	56 760
Teaching aids		3 865	13 575
Telephone and fax		2 380	150
		408 991	306 095
Surplus for the year		119 576	300 773