

Mammadu Trust
(Registration number T/161/2008)
Annual financial statements
for the year ended 31 December 2016

Mammadu Trust

(Registration number T/161/2008)

Annual Financial Statements for the year ended 31 December 2016

General Information

Trust registration number	T/161/2008
Country of incorporation and domicile	Namibia
Type of trust	Day Care Centre
Trustees	A. Albrecht M.L. Conradie K.N. Pohamba-Ndume L. Kirsten M.P. Kirsten H.J.M. Weil S.K. Buchloh
Registered office	24 Orban Street Klein Windhoek Windhoek Namibia
Auditors	SGA Registered Accountants and Auditors Chartered Accountants (Namibia)

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

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The following supplementary information does not form part of the annual financial statements and is unaudited:

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INDEPENDENT AUDITOR'S REPORT

To the trustees of Mammadu Trust

Qualified Opinion

We have audited the financial statements of Mammadu Trust set out on pages 5 to 13, which comprises of the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and the trustees' report.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31 December 2016, and its financial performance and cash flows for the year then ended in accordance with the Namibian Statement of Generally Accepted Accounting Practice - NAC001: Financial Reporting for Small and Medium Sized Entities.

Basis for 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 impractical for us to extent our examination beyond the receipt actually recorded.

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 independence requirements applicable to performing audits of annual financial statements in Namibia which is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We have fulfilled our other ethical responsibilities in accordance with the ethical requirements applicable to performing audits in Namibia. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Matter - Accounting and secretarial duties

Without qualifying our opinion, we draw attention to the fact that with the written consent of the trustees, we have performed certain accounting and secretarial duties.

Other Information

The trustees are responsible for the other information. The other information comprises of the detailed income statement as set out on page 14 which we obtained prior to the date of this auditor's report. 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the trustees for the Financial Statements

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the Namibian Statement of Generally Accepted Accounting Practice - NAC001: Financial Reporting for Small and Medium Sized Entities and in the manner required by the Companies Act of Namibia, and for such internal control as the trustees 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 trustees 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 trustees 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

SGA

**Registered Accountants and Auditors
Chartered Accountants (Namibia)**

**Per: A.J. Esterhuizen
Partner**

**Windhoek ... Namibia
31 May 2017**

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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 Statement of Generally Accepted Accounting Practice - NAC001: Financial Reporting for Small and Medium Sized Entities. The external auditor's are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the Namibian Statement of 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 2017 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 auditor's 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 auditor's and their report is presented on pages 3 to 5.

The annual financial statements set out on pages 6 to 14, which have been prepared on the going concern basis, were approved by the board of trustees on 30 May 2017 and were signed on its behalf by:



M.P. Kirsten

A. Albrecht

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Trustees' Report

The trustees have pleasure in submitting their report on the annual financial statements of Mammadu Trust and its associates for the year ended 31 December 2016.

1. The trust

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

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with Namibian Statement of Generally Accepted Accounting Practice - NAC001: Financial Reporting for Small and Medium Sized Entities. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the trust are set out in these annual financial statements.

3. Trustees

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

Trustees	Changes
A. Albrecht	
M.L. Conradie	
K.N. Pohamba-Ndume	
L. Kirsten	
M.P. Kirsten	
H.J.M. Weil	Appointed 17 August 2016
S.K. Buchloh	Appointed 17 August 2016
P. Bassi	Resigned 17 August 2016
V. Folcher	Resigned 17 August 2016

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 2016.

They will continue in office for the 2017 financial year.

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Statement of Financial Position as at 31 December 2016

	Note(s)	2016 N\$	2015 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	2	2 545 571	1 860 840
Current Assets			
Trade and other receivables		724	62 725
Cash and cash equivalents	3	951 111	1 795 969
		951 835	1 858 694
Total Assets		3 497 406	3 719 534
Equity and Liabilities			
Equity			
Trust capital	4	3 497 406	3 719 534
Total Equity and Liabilities		3 497 406	3 719 534

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Statement of Comprehensive Income

	Note(s)	2016 N\$	2015 N\$
Other income		472 540	1 548 875
Operating expenses		(694 667)	(454 999)
Operating (deficit) surplus	5	(222 127)	1 093 876
(Deficit) surplus for the year		(222 127)	1 093 876

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Statement of Changes in Equity

	Trust capital	Accumulated surplus	Total equity
	N\$	N\$	N\$
Balance at 01 January 2015	2 625 658	-	2 625 658
Changes in equity			
Surplus for the year	-	1 093 876	1 093 876
Transfer of capital surplus to trust capital	1 093 876	(1 093 876)	-
Total changes	1 093 876	-	1 093 876
Balance at 01 January 2016	3 719 534	-	3 719 534
Changes in equity			
Deficit for the year	-	(222 127)	(222 127)
Transfer of capital surplus to trust capital	(222 127)	222 127	-
Total changes	(222 127)	-	(222 127)
Balance at 31 December 2016	3 497 407	-	3 497 407

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Statement of Cash Flows

	Note(s)	2016 N\$	2015 N\$
Cash flows from operating activities			
Cash generated from operations	6	65 847	1 061 276
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(910 705)	(173 908)
Total cash movement for the year		(844 858)	887 368
Cash at the beginning of the year		1 795 969	908 601
Total cash at end of the year	3	951 111	1 795 969

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Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the Namibian Statement of 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 Namibia Dollar.

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, or 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 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 on the property, plant and equipment as follows:

Item	Depreciation method	Average useful life
Property	Straight line	Indefinite
Furniture and fixtures	Diminishing balance	33.3%
Motor vehicles	Straight line	3 years
Office equipment	Straight line	3 years

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit and loss).

Financial Instruments at amortised cost

These include loans, trade receivables and trade payables. Debt instruments, as defined in standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

1.3 Revenue

Donations are recognised on the date the funds are received by the trust.

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Notes to the Annual Financial Statements

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Property	2 070 109	-	2 070 109	1 856 135	-	1 856 135
Furniture and fixtures	137 025	(129 539)	7 486	128 682	(128 665)	17
Motor vehicles	675 000	(259 600)	415 400	55 000	(51 425)	3 575
Office equipment	70 282	(17 706)	52 576	1 894	(781)	1 113
Total	2 952 416	(406 845)	2 545 571	2 041 711	(180 871)	1 860 840

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Buildings	1 856 135	213 974	-	2 070 109
Furniture and fixtures	17	8 343	(874)	7 486
Motor vehicles	3 575	620 000	(208 175)	415 400
Office equipment	1 113	68 388	(16 925)	52 576
	1 860 840	910 705	(225 974)	2 545 571

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Buildings	1 682 227	173 908	-	1 856 135
Furniture and fixtures	14 374	-	(14 357)	17
Motor vehicles	21 725	-	(18 150)	3 575
Office equipment	1 113	-	-	1 113
	1 719 439	173 908	(32 507)	1 860 840

Details of properties

Property consists of Erf 3452, Frankfurt Street, Extension 9, Windhoek, registration division "K" and measuring 4 727 square meters.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	950 222	1 795 577
Other cash and cash equivalents	889	392
	951 111	1 795 969

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Notes to the Annual Financial Statements

	2016 N\$	2015 N\$
4. Trust capital		
Capital account / Trust capital		
Balance at beginning of year	3 719 534	2 625 658
Retained income transferred from the statement of comprehensive income	(222 128)	1 093 876
	3 497 406	3 719 534
5. Operating (deficit) surplus		
Operating (deficit) surplus for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	225 974	32 507
Employee costs	132 857	111 512
6. Cash generated from operations		
(Deficit) surplus before taxation	(222 127)	1 093 876
Adjustments for:		
Depreciation and amortisation	225 974	32 507
Changes in working capital:		
Trade and other receivables	62 000	(62 000)
Trade and other payables	-	(3 107)
	65 847	1 061 276

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Detailed Income Statement

	Note(s)	2016 N\$	2015 N\$
Other income			
Donations received		472 540	1 548 875
Operating expenses			
Advertising		-	1 202
Bank charges		5 445	5 018
Cleaning		5 871	3 767
Computer expenses		530	-
Consumables		62 231	52 593
Delivery expenses		438	-
Depreciation		225 974	32 507
Employee costs		132 857	111 512
School and hostel fees		16 300	23 100
Teaching aids		18 517	9 576
Clothing and schoolwear		7 407	160
Function expenses		-	2 260
General expenses		51 711	5 051
Sundry expenses		9 742	-
Insurance		41 437	8 563
Medical expenses		7 932	9 045
Motor vehicle expenses		30 782	43 309
Municipal expenses		28 576	44 620
Petrol and oil		9 200	10 870
Postage		57	76
Printing and stationery		1 561	560
Repairs and maintenance		13 977	5 486
Security		17 538	83 854
Telephone and fax		2 240	1 870
Travel - local		4 344	-
		694 667	454 999
(Deficit) surplus for the year		(222 127)	1 093 876