

**THE LOVE OF CHRIST MINISTRIES**  
**(Registration number 01-101120-000-2)**  
**Annual financial statements**  
**for the year ended 28 February 2010**

**MBS Accounting Services CC**  
**Professional Accountants (SA)**  
**Issued 24 June 2010**

# The Love of Christ Ministries

(Registration number 01-101120-000-2)

Annual Financial Statements for the year ended 28 February 2010

## Index

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

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The annual financial statements set out on pages 3 to 11, which have been prepared on the going concern basis, were approved by the board on 24 June 2010 and were signed on its behalf by:

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**Member**

## **Report of the Accounting Officer**

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### **To The Love of Christ Ministries**

We have performed the duties of accounting officer to The Love of Christ Ministries for the year ended 28 February 2010 as required by Section 62 of the Close Corporations Act, 1984, as amended.

The annual financial statements set out on pages 3 - 10 are the responsibility of the members. We have determined that the annual financial statements are in agreement with the accounting records, summarised in the manner required by section 58(2)(d) of the Act. We have done so by adopting such procedures and conducting such enquiries in relation to the accounting records as we considered necessary in the circumstances.

We have also reviewed the accounting policies which have been represented to us as having been applied in the preparation of the annual financial statements, and we consider that they are appropriate to the business, and are in conformity with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities.

**MBS Accounting Services CC  
Professional Accountants (SA)**

**S Olsen**

**Glenanda  
24 June 2010**

# The Love of Christ Ministries

(Registration number 01-101120-000-2)

Annual Financial Statements for the year ended 28 February 2010

## Balance Sheet

| Figures in Rand                       | Note(s) | 2010             | 2009             |
|---------------------------------------|---------|------------------|------------------|
| <b>Assets</b>                         |         |                  |                  |
| <b>Non-Current Assets</b>             |         |                  |                  |
| Property, plant and equipment         | 2       | 986,310          | 1,100,074        |
| Other financial assets                | 3       | 3,758,561        | 3,140,072        |
|                                       |         | <b>4,744,871</b> | <b>4,240,146</b> |
| <b>Current Assets</b>                 |         |                  |                  |
| Trade and other receivables           | 4       | 710,112          | 471,484          |
| Cash and cash equivalents             | 5       | 2,355,100        | 906,891          |
|                                       |         | <b>3,068,212</b> | <b>1,378,375</b> |
| <b>Total Assets</b>                   |         | <b>7,813,083</b> | <b>5,618,521</b> |
| <b>Equity and Liabilities</b>         |         |                  |                  |
| <b>Member's interest and reserves</b> |         |                  |                  |
| Reserves                              |         | 422,509          | 422,509          |
| Retained income                       |         | 6,706,780        | 5,105,231        |
|                                       |         | <b>7,129,289</b> | <b>5,527,740</b> |
| <b>Liabilities</b>                    |         |                  |                  |
| <b>Non-Current Liabilities</b>        |         |                  |                  |
| Other financial liabilities           | 6       | -                | 5,848            |
| Other liability                       |         | 550,000          | -                |
|                                       |         | <b>550,000</b>   | <b>5,848</b>     |
| <b>Current Liabilities</b>            |         |                  |                  |
| Trade and other payables              | 7       | 133,794          | 84,933           |
| <b>Total Liabilities</b>              |         | <b>683,794</b>   | <b>90,781</b>    |
| <b>Total Equity and Liabilities</b>   |         | <b>7,813,083</b> | <b>5,618,521</b> |

# The Love of Christ Ministries

(Registration number 01-101120-000-2)

Annual Financial Statements for the year ended 28 February 2010

## Income Statement

| Figures in Rand            | Note(s) | 2010             | 2009           |
|----------------------------|---------|------------------|----------------|
| Revenue                    | 8       | 6,007,722        | 4,784,791      |
| Operating expenses         |         | (4,487,277)      | (4,468,881)    |
| <b>Operating profit</b>    |         | <b>1,520,445</b> | <b>315,910</b> |
| Investment revenue         | 9       | 81,498           | 3,715          |
| Finance costs              | 10      | (394)            | (634)          |
| <b>Profit for the year</b> |         | <b>1,601,549</b> | <b>318,991</b> |

# The Love of Christ Ministries

(Registration number 01-101120-000-2)

Annual Financial Statements for the year ended 28 February 2010

## Statement of Changes in Equity

| Figures in Rand                    | Member's contributions | Revaluation reserve | Retained income  | Total equity     |
|------------------------------------|------------------------|---------------------|------------------|------------------|
| <b>Balance at 01 March 2008</b>    | -                      | <b>422,509</b>      | <b>4,786,240</b> | <b>5,208,749</b> |
| Changes in equity                  |                        |                     |                  |                  |
| Profit for the year                | -                      | -                   | 318,991          | 318,991          |
| Total changes                      | -                      | -                   | 318,991          | 318,991          |
| <b>Balance at 01 March 2009</b>    | -                      | <b>422,509</b>      | <b>5,105,231</b> | <b>5,527,740</b> |
| Changes in equity                  |                        |                     |                  |                  |
| Profit for the year                | -                      | -                   | 1,601,549        | 1,601,549        |
| Total changes                      | -                      | -                   | 1,601,549        | 1,601,549        |
| <b>Balance at 28 February 2010</b> | -                      | <b>422,509</b>      | <b>6,706,780</b> | <b>7,129,289</b> |

# The Love of Christ Ministries

(Registration number 01-101120-000-2)

Annual Financial Statements for the year ended 28 February 2010

## Cash Flow Statement

| Figures in Rand  | Note(s) | 2010             | 2009             |
|--|---------|------------------|------------------|
| <b>Cash flows from operating activities</b>            |         |                  |                  |
| Cash generated from operations                         | 11      | 1,673,610        | 739,099          |
| Interest income  |         | 81,498           | 3,715            |
| Finance costs  |         | (394)            | (634)            |
| <b>Net cash from operating activities</b>              |         | <b>1,754,714</b> | <b>742,180</b>   |
| <b>Cash flows from investing activities</b>            |         |                  |                  |
| Purchase of property, plant and equipment              | 2       | (229,169)        | (475,067)        |
| Sale of financial assets                               |         | (618,489)        | (170,070)        |
| <b>Net cash from investing activities</b>              |         | <b>(847,658)</b> | <b>(645,137)</b> |
| <b>Cash flows from financing activities</b>            |         |                  |                  |
| Repayment of other financial liabilities               |         | (5,848)          | (1,121)          |
| Movement in other liability                            |         | 550,000          | -                |
| Movement in loans to directors, managers and employees |         | (3,000)          | -                |
| <b>Net cash from financing activities</b>              |         | <b>541,152</b>   | <b>(1,121)</b>   |
| <b>Total cash movement for the year</b>                |         | <b>1,448,208</b> | <b>95,922</b>    |
| Cash at the beginning of the year                      |         | 906,891          | 810,969          |
| <b>Total cash at end of the year</b>                   | 5       | <b>2,355,099</b> | <b>906,891</b>   |

# The Love of Christ Ministries

(Registration number 01-101120-000-2)

Annual Financial Statements for the year ended 28 February 2010

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the South African Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities, and the Close Corporations Act, 1984 (No. 69 of 1984). 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 Rands.

These accounting policies are consistent with the previous period.

#### 1.1 Property, plant and equipment

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.

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

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:

| <b>Item</b>                      | <b>Average useful life</b> |
|----------------------------------|----------------------------|
| Furniture and fixtures           | 6 Years                    |
| Motor vehicles                   | 5 Years                    |
| Office equipment                 | 6 Years                    |
| IT equipment                     | 3 Years                    |
| Household & Playground Equipment | 5 Years                    |
| Other                            | 6 Years                    |

#### 1.2 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

# The Love of Christ Ministries

(Registration number 01-101120-000-2)

Annual Financial Statements for the year ended 28 February 2010

## Notes to the Annual Financial Statements

Figures in Rand 2010 2009

### 2. Property, plant and equipment

|                                  | 2010             |                          |                | 2009             |                          |                  |
|----------------------------------|------------------|--------------------------|----------------|------------------|--------------------------|------------------|
|                                  | Cost / Valuation | Accumulated depreciation | Carrying value | Cost / Valuation | Accumulated depreciation | Carrying value   |
| Furniture and fixtures           | 235,502          | (137,912)                | 97,590         | 235,502          | (100,166)                | 135,336          |
| Motor vehicles                   | 1,524,484        | (682,693)                | 841,791        | 1,295,315        | (416,921)                | 878,394          |
| Office equipment                 | 71,846           | (60,046)                 | 11,800         | 71,846           | (50,053)                 | 21,793           |
| IT equipment                     | 83,281           | (82,645)                 | 636            | 83,281           | (80,908)                 | 2,373            |
| Other Fixed Assets               | 25,184           | (24,586)                 | 598            | 25,184           | (20,388)                 | 4,796            |
| Household & Playground Equipment | 175,782          | (141,887)                | 33,895         | 175,782          | (118,400)                | 57,382           |
| <b>Total</b>                     | <b>2,116,079</b> | <b>(1,129,769)</b>       | <b>986,310</b> | <b>1,886,910</b> | <b>(786,836)</b>         | <b>1,100,074</b> |

#### Reconciliation of property, plant and equipment - 2010

|                                  | Opening Balance  | Additions      | Depreciation     | Total          |
|----------------------------------|------------------|----------------|------------------|----------------|
| Furniture and fixtures           | 135,336          | -              | (37,746)         | 97,590         |
| Motor vehicles                   | 878,394          | 229,169        | (265,772)        | 841,791        |
| Office equipment                 | 21,793           | -              | (9,993)          | 11,800         |
| IT equipment                     | 2,373            | -              | (1,737)          | 636            |
| Other Fixed Assets               | 4,796            | -              | (4,198)          | 598            |
| Household & Playground Equipment | 57,382           | -              | (23,487)         | 33,895         |
|                                  | <b>1,100,074</b> | <b>229,169</b> | <b>(342,933)</b> | <b>986,310</b> |

#### Reconciliation of property, plant and equipment - 2009

|                                  | Opening Balance | Additions      | Depreciation     | Total            |
|----------------------------------|-----------------|----------------|------------------|------------------|
| Furniture and fixtures           | 43,865          | 121,795        | (30,324)         | 135,336          |
| Motor vehicles                   | 754,967         | 351,606        | (228,179)        | 878,394          |
| Office equipment                 | 29,867          | 1,666          | (9,740)          | 21,793           |
| IT equipment                     | 5,214           | -              | (2,841)          | 2,373            |
| Other Fixed Assets               | 8,994           | -              | (4,198)          | 4,796            |
| Household & Playground Equipment | 81,774          | -              | (24,392)         | 57,382           |
|                                  | <b>924,681</b>  | <b>475,067</b> | <b>(299,674)</b> | <b>1,100,074</b> |

### 3. Other financial assets

#### At amortised cost

|                       |           |           |
|-----------------------|-----------|-----------|
| Loans and receivables | 3,758,561 | 3,140,072 |
| Terms and conditions  |           |           |

#### Non-current assets

|                   |           |           |
|-------------------|-----------|-----------|
| At amortised cost | 3,758,561 | 3,140,072 |
|-------------------|-----------|-----------|

# The Love of Christ Ministries

(Registration number 01-101120-000-2)

Annual Financial Statements for the year ended 28 February 2010

## Notes to the Annual Financial Statements

| Figures in Rand                       | 2010             | 2009             |
|---------------------------------------|------------------|------------------|
| <b>4. Trade and other receivables</b> |                  |                  |
| Deposits                              | 5,918            | 5,918            |
| VAT                                   | 704,194          | 465,566          |
|                                       | <b>710,112</b>   | <b>471,484</b>   |
| <b>5. Cash and cash equivalents</b>   |                  |                  |
| Cash and cash equivalents consist of: |                  |                  |
| Cash on hand                          | 3,446            | 23,648           |
| Bank balances                         | 2,351,654        | 883,243          |
|                                       | <b>2,355,100</b> | <b>906,891</b>   |
| <b>6. Other financial liabilities</b> |                  |                  |
| <b>At amortised cost</b>              |                  |                  |
| Mortgage bond                         | -                | 5,848            |
| Terms and conditions                  |                  |                  |
| <b>Non-current liabilities</b>        |                  |                  |
| At amortised cost                     | -                | 5,848            |
| <b>7. Trade and other payables</b>    |                  |                  |
| Trade payables                        | 133,793          | 84,930           |
| Other payables                        | 1                | 3                |
|                                       | <b>133,794</b>   | <b>84,933</b>    |
| <b>8. Revenue</b>                     |                  |                  |
| Donations                             | 2,051,423        | 1,596,264        |
| Foreign Donations                     | 3,956,299        | 3,188,527        |
|                                       | <b>6,007,722</b> | <b>4,784,791</b> |
| <b>9. Investment revenue</b>          |                  |                  |
| <b>Interest revenue</b>               |                  |                  |
| Other interest                        | 81,498           | 3,715            |
| <b>10. Finance costs</b>              |                  |                  |
| Interest paid                         | 394              | 634              |

# The Love of Christ Ministries

(Registration number 01-101120-000-2)

Annual Financial Statements for the year ended 28 February 2010

## Notes to the Annual Financial Statements

| Figures in Rand                           | 2010             | 2009           |
|---|------------------|----------------|
| <b>11. Cash generated from operations</b> |                  |                |
| Profit before taxation                    | 1,601,549        | 318,991        |
| <b>Adjustments for:</b>                   |                  |                |
| Depreciation and amortisation             | 342,932          | 299,674        |
| Interest received                         | (81,498)         | (3,715)        |
| Finance costs                             | 394              | 634            |
| <b>Changes in working capital:</b>        |                  |                |
| Trade and other receivables               | (238,628)        | 179,338        |
| Trade and other payables                  | 48,861           | (55,823)       |
|   | <b>1,673,610</b> | <b>739,099</b> |

# The Love of Christ Ministries

(Registration number 01-101120-000-2)

Annual Financial Statements for the year ended 28 February 2010

## Detailed Income statement

| Figures in Rand                            | Note(s) | 2010               | 2009               |
|--|---------|--------------------|--------------------|
| <b>Revenue</b>                             |         |                    |                    |
| Donations                                  |         | 2,051,423          | 1,596,264          |
| Foreign Donations                          |         | 3,956,299          | 3,188,527          |
|  | 8       | <b>6,007,722</b>   | <b>4,784,791</b>   |
| <b>Other income</b>                        |         |                    |                    |
| Interest received                          | 9       | 81,498             | 3,715              |
| <b>Operating expenses</b>                  |         |                    |                    |
| Accounting fees                            |         | (7,221)            | (9,216)            |
| Advertising                                |         | (27,056)           | (15,607)           |
| Bank charges                               |         | (15,575)           | (20,530)           |
| Cleaning                                   |         | (133,607)          | (68,311)           |
| Computer expenses                          |         | (23,378)           | (51,825)           |
| Delivery expenses                          |         | (2,703)            | (3,505)            |
| Depreciation, amortisation and impairments |         | (342,932)          | (299,674)          |
| Donations                                  |         | -                  | (16,160)           |
| Employee costs                             |         | (1,035,455)        | (861,226)          |
| Entertainment                              |         | (60,319)           | (21,664)           |
| Equipment - Household                      |         | (46,868)           | (62,139)           |
| Schooling expenses                         |         | (348,106)          | (305,695)          |
| Groceries                                  |         | (753,774)          | (566,245)          |
| Baby Supplies                              |         | (236,945)          | (197,932)          |
| Clothing                                   |         | (51,073)           | (35,105)           |
| Flowers                                    |         | (72,179)           | (89,311)           |
| Insurance                                  |         | (22,718)           | (21,716)           |
| Lease rentals on operating lease           |         | (19,800)           | (21,600)           |
| Legal expenses                             |         | (4,340)            | (720)              |
| Medical expenses                           |         | (392,761)          | (281,037)          |
| Motor vehicle expenses                     |         | (448,504)          | (415,507)          |
| General expenses                           |         | (40,666)           | (37,746)           |
| Packaging                                  |         | -                  | (2,297)            |
| Placement fees                             |         | (21,500)           | (11,939)           |
| Printing and stationery                    |         | (22,118)           | (17,849)           |
| Repairs and maintenance                    |         | (4,096)            | (693,665)          |
| Security                                   |         | (84,872)           | (92,291)           |
| Staff welfare                              |         | (5,430)            | -                  |
| Subscriptions                              |         | (19,563)           | (17,609)           |
| Telephone and fax                          |         | (129,025)          | (118,273)          |
| Travel - local                             |         | (44,641)           | (55,555)           |
| Utilities                                  |         | (70,052)           | (56,932)           |
|  |         | <b>(4,487,277)</b> | <b>(4,468,881)</b> |
| <b>Operating profit</b>                    |         | <b>1,601,943</b>   | <b>319,625</b>     |
| Finance costs                              | 10      | (394)              | (634)              |
| <b>Profit for the year</b>                 |         | <b>1,601,549</b>   | <b>318,991</b>     |

# The Love of Christ Ministries

(Registration number 01-101120-000-2)

Annual Financial Statements for the year ended 28 February 2010

## Supplementary information

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### 1. Donations Received

|                          | <b>Total</b>           |
|--------------------------|------------------------|
| Individuals              | 302,003                |
| Companies                | 1,011,435              |
| Churches                 | 150,946                |
| Trusts & funds           | 129,662                |
| Cash                     | 196,096                |
| Educational Institutions | 92,600                 |
| Stop Orders              | 129,520                |
| Social services          | 39,161                 |
|                          | <hr/> <b>2,051,423</b> |

### 2. General Expenses

|                | <b>Total</b>        |
|----------------|---------------------|
| Animal - Vet   | 7,482               |
| Animals - Feed | 26,073              |
| Consumable     | 7,111               |
|                | <hr/> <b>40,666</b> |

### 3. Insurance

|                            | <b>Total</b>        |
|----------------------------|---------------------|
| Life insurance - T Jarvis  | 4,507               |
| Insurance - Robin          | 7,938               |
| Insurance - Home Owners    | 5,885               |
| Insurance - Discovery Life | 4,388               |
|                            | <hr/> <b>22,718</b> |

### 4. Repairs & Maintenance

|                    | <b>Total</b>       |
|--------------------|--------------------|
| School             | 162                |
| Hardware Equipment | 792                |
| Nursery            | 3,142              |
|                    | <hr/> <b>4,096</b> |

# The Love of Christ Ministries

(Registration number 01-101120-000-2)

Annual Financial Statements for the year ended 28 February 2010

## Supplementary information

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### 5. Functions

|                        | <b>Total</b>              |
|------------------------|---------------------------|
| Management Conferences | 1,500                     |
| Childrens Birthdays    | 51,906                    |
| Christmas              | 3,313                     |
| Holidays               | 15,460                    |
|                        | <hr/> <b>72,179</b> <hr/> |

### 6. Schooling

|                             | <b>Total</b>               |
|-----------------------------|----------------------------|
| Off site - Extra murals     | 45,693                     |
| Pre-school Equipment        | 168                        |
| Off site - Running Expenses | 39,207                     |
| Mweb Subscriptions          | 3,575                      |
| Off site School fees        | 227,539                    |
| Staff Training              | 1,100                      |
| Off site Uniforms           | 30,824                     |
|                             | <hr/> <b>348,106</b> <hr/> |