

**BEAUTIFUL GATE MINISTRY**  
**Trading as Beautiful Gate South Africa**  
**(Reg no: 005-086 NPO)**  
**Voluntary Association incorporated under**  
**"THE NONPROFIT ORGANISATIONS ACT 1997"**

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Trading as Beautiful Gate South Africa**

(Registration number 005-086 NPO)

Annual Financial Statement for the year ended 31 December 2019

**Contents**

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The report and statements below comprise the annual financial statements presented:

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# GEORGE W CLOETE

Chartered Accountant (SA)

7 Duminy Street, Boston, Bellville, 7530. Cape Town. Tel: (021) 948-3400

P O Box 6229, Parow East, 7501. Cape Town. Fax (021) 948-5933

E-Mail: gwc@telkomsa.net

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## **REPORT OF THE INDEPENDENT AUDITOR**

### **TO THE BOARD AND MEMBERS OF**

### **BEAUTIFUL GATE MINISTRY**

### **Trading as Beautiful Gate South Africa**

We have audited the annual financial statements of Beautiful Gate Ministry, which comprise the chairperson's report, the Statement of Financial Position as at 31 December 2019, and the Statement of Comprehensive Income and Retained Earnings for the period.

#### **Board members' responsibility for the financial statements**

The board members are responsible for the preparation of these financial statements in accordance with the basis of accounting as set out in note 1 and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. This responsibility includes determining that the basis of accounting described in note 1 to the financial statements is an acceptable basis for preparing and presenting financial statements in the circumstances.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

#### **Opinion**

In our opinion, the financial statements of Beautiful Gate Ministry have been prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the financial statements as at 31 December 2019 and its financial performance for the period then ended in accordance with the basis of accounting as described in note 1.



GEORGE W CLOETE

Registered Auditor

Practice No: 950262

CAPE TOWN

25 May 2020

**Chairperson's Report**

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The board submit their report for the year ended 31 December 2019.

**BUSINESS ACTIVITIES**

Beautiful Gate Ministry is a registered NPO caring for vulnerable children and youth, empowering families and mobilising community responses.

**FINANCIAL RESULTS**

The financial results of the entity and the state of affairs of the entity, are set out in the attached financial statements.

In the light of the current financial position of the entity, the board is satisfied that the entity is a going concern and have continued to adopt the going concern basis in preparing the financial statements.

**GENERAL REVIEW**

No material fact or circumstance has occurred between the date of the financial statements and the issue of this report, which in the opinion of the board, need be disclosed for a proper appreciation of the entity's affairs.

**FIXED ASSETS**

There has been no change in the nature of the fixed assets during the period.

**BOARD MEMBERS**

The following acted as board members during the period:

T. Brouwer - (Board Chairperson)  
S. Farrell - (Vice Chairperson)  
R.B. Couves  
M. Koela  
A. Kupe  
N. Moshodi  
E. Ntshuntshe - resigned 23 July 2019  
V. Stannard

**AUDITORS**

George W Cloete will continue in office.

**BUSINESS AND POSTAL ADDRESS**

P.O.Box 144  
Mitchells Plain, 7789



**Boards Responsibilities and Approval**

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The board members are responsible for the maintenance of proper accounting records and the preparation, integrity and fair presentation of the financial statements of Beautiful Gate Ministry. The financial statements have been prepared in accordance with International Financial Reporting Standards and include amounts based on judgements and estimates made by management. The board members also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the members 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. These 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. The controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the board's business is conducted in a manner that in all reasonable circumstances is above reproach.

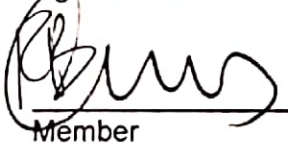
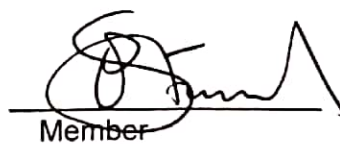
The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The board members are of the opinion, based on the information and explanations given by management and the internal auditors 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 financial control can provide only reasonable, and not absolute assurance against material misstatement or loss.

The going concern basis has been adopted in preparing the financial statements. The board members have no reason to believe that the entity will not be a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the entity is supported by the financial statements.

The financial statements have been audited by the independent accounting firm, George W Cloete, who have been given unrestricted access to all financial records and related data, including minutes of all meetings of members, the members of the board and committees of the board. The board members believe that all representations made to the independent auditors during their audit were valid and appropriate. George W Cloete's unqualified audit report is presented.

The financial statements were approved on 25 May 2020 by the board members and are signed on its behalf by:

  
Member  
Member

**BEAUTIFUL GATE MINISTRY**

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Trading as Beautiful Gate South Africa

(Registration number 005-086 NPO)

Annual Financial Statement for the year ended 31 December 2019

**Statement of financial position**

Figures in Rand	Note(s)	2019	2018
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>3</b>	<b>13,872,170</b>	<b>13,872,170</b>
Non-current assets		12,272,170	12,272,170
Investments	<b>6</b>	1,600,000	1,600,000
<b>Current assets</b>		<b>4,926,466</b>	<b>2,045,348</b>
Cash and cash equivalents	<b>4</b>	3,275,409	689,650
Trade and other receivables	<b>7</b>	1,590,912	1,151,869
Vat refundable		60,145	203,829
		<b>18,798,636</b>	<b>15,917,518</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Accumulated Funds</b>		<b>2,233,172</b>	<b>1,998,433</b>
<b>Operating Reserve</b>	<b>2.1</b>	<b>2,860,906</b>	<b>1,240,906</b>
<b>Property and Equipment Fund</b>	<b>2.2</b>	<b>12,272,170</b>	<b>12,272,170</b>
<b>Fair Value Reserve</b>	<b>2.3</b>	<b>114,597</b>	<b>-</b>
<b>Current liabilities</b>		<b>1,317,791</b>	<b>406,009</b>
Trade and other payables		471,322	92,809
Rental deposits		10,700	10,700
Deferred income	<b>5</b>	835,769	302,500
		<b>18,798,636</b>	<b>15,917,518</b>

Trading as Beautiful Gate South Africa

(Registration number 005-086 NPO)

Annual Financial Statement for the year ended 31 December 2019

**Statement of comprehensive income and retained earnings**

Figures in Rand	Note(s)	2019	2018
<b>Revenue</b>			
Unrestricted donations		6,250,437	4,446,485
Restricted donations		3,448,351	1,632,451
Government grant		2,069,282	2,545,225
Contributions for services		988,483	1,036,486
		<b>12,756,553</b>	<b>9,660,648</b>
<b>Other income</b>			
Interest received		160,805	58,219
		<b>12,917,358</b>	<b>9,718,867</b>
<b>Operating expenses</b>			
Child & Youth Care Centre		23,847	9,568
Community Family Support		4,334,336	3,670,911
Community Medical Care		340,776	373,233
Learner Education Support - Primary		4,750,411	3,994,288
Learner Education Support - Youth		1,146,907	2,010,365
Sustainability Projects		459,747	314,336
Audit Fee		12,000	12,000
		<b>11,068,024</b>	<b>10,384,701</b>
<b>Transfer to Operating Reserve</b>		(1,500,000)	-
<b>Surplus / (Deficit) for the period</b>		<b>349,334</b>	<b>(665,834)</b>



**Accounting policies and explanatory notes**

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**1. Basis of preparation and summary of significant accounting policies**

The financial statements of Beautiful Gate South Africa have been prepared in accordance with the International Financial Reporting Standard for Small and Medium- sized Entities and the constitution. The financial statements have been prepared under the historical cost convention. They are presented in South African Rand.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium- sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the church's accounting policies. The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**1.1 Office equipment, motor vehicles and computer equipment**

All office equipment, motor vehicles and computer equipment is expensed in its year of purchase. A fixed asset register is maintained by the organisation, however no annual depreciation expense is incurred.

**1.2 Income**

This consists of donations from individuals, churches, business concerns, government subsidies and rental of office premises. Donations received in cash constitute less than 3% of total income received.

**1.3. Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off during the year in which they are identified. The entity will only establish debtors accounts for donors who have formally committed funding.

**1.4. Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents includes cash on hand, deposits held at call with banks.

**1.5. Deferred tax and taxation**

The organisation enjoys a section 10(1)(cN) exemption status with the South African Revenue Services and hence no taxation or deferred taxation is raised in the financial statements.



## Accounting policies and explanatory notes

### 1.6. Trade payables

Trade payables are carried at the fair value of the consideration to be paid in future for goods or services that have been received or supplied and invoiced or formally agreed with the supplier. The entity will only apply for credit facilities under exceptional circumstances.

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

## 2. Reserves and funds

### 2.1 Operating Reserve

2,860,906      1,240,906

This reserve is an accumulation of funds with the aim to hold an amount equivalent to 3 to 6 months' of budgeted expenditure on recurring activities to enable the organisation to absorb temporary downturns in income or cash flow, or in the value of the organisations investments, without having to reduce programme expenditure.

### 2.2 Property and Equipment Fund

12,272,170      12,272,170

This fund represents the extent to which funds are invested in property (land and buildings) and other capital equipment and so not available for other purposes; this fund will be equal to the carrying value of the property and equipment.

### 2.2 Fair Value Reserve

114,597      -

This reserve is unrealised (and so will only be realised when the related asset is sold), so is unavailable for use. This relates to the funds invested at Ninety One Investment Platform (Pty) Ltd.

## 3. Non-current assets

	2019			2018		
	Cost	Transfer to accumulated funds	Carrying value	Cost	Transfer to accumulated funds	Carrying value
<b>Owened assets</b>						
Land & buildings	12,272,170	-	12,272,170	12,272,170	-	12,272,170
Furniture & fittings	661,800	661,800	-	661,800	661,800	-
Office & computers	253,100	253,100	-	253,100	253,100	-
Motor vehicles	183,000	183,000	-	183,000	183,000	-
	13,370,070	1,097,900	12,272,170	13,370,070	1,097,900	12,272,170

**Accounting policies and explanatory notes**

Figures in Rand	Note(s)	2019	2018
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**3. Non-current assets (continued)**

The carrying amounts of non-current assets can be reconciled as follows:

	Carrying value 31/12/2018	Additions	Disposals	Transfer to accumulated funds	Carrying value 31/12/2019
Owned assets					
Land and buildings	12,272,170	-	-	-	12,272,170
Furniture and fittings	-	-	-	-	-
Office & computer equipment	-	-	-	-	-
Motor vehicles	-	-	-	-	-
	<u>12,272,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,272,170</u>

**4. Cash and cash equivalents**

Money Market	2,456,397	392,439
Market link - Eskom	53,515	51,669
Deposit call account	64,504	64,504
Current account - Beautiful Gate Ministry	693,632	95,581
Current account - Designated	6,404	82,068
Cash on hand	957	3,389
	<u>3,275,409</u>	<u>689,650</u>

**5. Deferred Income**

Donations received in advance for specific projects.

AECI Limited	332,750	302,500
Connect Network	8,647	-
DG Murray Trust	134,583	-
Rolf Stephan Nussbaum Foundation	200,000	-
Stichting Zijn	159,789	-
	<u>835,769</u>	<u>302,500</u>

**6. Investments**

Ninety One Investment Platform (Pty) Ltd listed shares - Cost	1,600,000	1,600,000
Ninety One Investment Platform (Pty) Ltd listed shares - Market value	1,714,597	1,523,508

From 2019, investments are disclosed at Cost. The comparative figure for 2018 has been adjusted to be in line with the new disclosure.

**7. Trade and other receivables**

Sundry debtors	1,590,912	1,151,869
	<u>1,590,912</u>	<u>1,151,869</u>