

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 2020

BEAUTIFUL GATE MINISTRY
Trading as Beautiful Gate South Africa

(Registration number 005-086 NPO)

Annual Financial Statement for the year ended 31 December 2020

Contents

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

CONTENTS	Page
Independent Auditors' Report	2
Chairperson's Report	3
Boards Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Comprehensive Income and Retained Earnings	6
Accounting Policies and Explanatory Notes to the Financial Statements	7 - 10

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

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 2020, 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 2020 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

28 June 2021

Chairperson's Report

The board submit their report for the year ended 31 December 2020.

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

V. Stannard

AUDITORS

George W Cloete will continue in office.

BUSINESS AND POSTAL ADDRESS

P.O.Box 144

Mitchells Plain, 7789

Trading as Beautiful Gate South Africa

(Registration number 005-086 NPO)

Annual Financial Statement for the year ended 31 December 2020

Boards Responsibilities and Approval

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

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 28 June 2021 by the board members and are signed on its behalf by:



Member



Member

Trading as Beautiful Gate South Africa

(Registration number 005-086 NPO)

Annual Financial Statement for the year ended 31 December 2020

Statement of financial position

Figures in Rand	Note(s)	2020	2019
ASSETS			
Non-current assets	3	14,589,283	13,986,767
Non-current assets		12,272,170	12,272,170
Investments	6	2,317,113	1,714,597
Current assets		8,079,005	4,926,466
Cash and cash equivalents	4	5,516,108	3,275,409
Trade and other receivables	7	2,414,909	1,590,912
Vat refundable		147,988	60,145
		22,668,288	18,913,233
FUNDS AND LIABILITIES			
Accumulated Funds		2,507,846	2,347,769
Operating Reserve	2.1	3,980,906	2,860,906
Property and Equipment Fund	2.2	12,272,170	12,272,170
Fair Value Reserve	2.3	317,113	114,597
Youth Safe Park Building Reserve	2.4	2,000,000	-
Building Improvement Reserve	2.5	250,000	-
Vehicle Reserve Fund	2.6	103,850	-
Ububele Fund	2.7	120,000	-
Current liabilities		1,116,403	1,317,791
Trade and other payables		514,226	471,322
Rental deposits		10,700	10,700
Deferred income	5	591,477	835,769
		22,668,288	18,913,233

Trading as Beautiful Gate South Africa

(Registration number 005-086 NPO)

Annual Financial Statement for the year ended 31 December 2020

Statement of comprehensive income and retained earnings

Figures in Rand	Note(s)	2020	2019
Revenue			
Unrestricted donations		7,640,298	6,250,437
Restricted donations		2,265,657	3,448,351
Government grants		2,698,550	2,069,282
Contributions for services		940,671	988,483
		13,545,176	12,756,553
Other income			
Interest received		172,915	160,805
		13,718,091	12,917,358
Operating expenses			
Child & Youth Care Centre and Covid Response		1,668,224	23,847
Community Family Support		4,472,812	4,334,336
Community Medical Care		434,913	340,776
Learner Education Support - Primary		3,642,474	4,750,411
Learner Education Support - Youth		815,867	1,146,907
Sustainability Projects		341,218	459,747
Community Collaboration		800,505	-
Audit Fee		12,000	12,000
		12,188,013	11,068,024
Transfer to Reserves		(1,370,000)	(1,500,000)
Surplus for the period		160,078	349,334

Accounting policies and explanatory notes

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

Figures in Rand	2020	2019
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	3,980,906	2,860,906
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.		
2.3 Fair Value Reserve	317,113	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.		
2.4 Youth Safe Park Building Reserve	2,000,000	-
This reserve is for funds designated for the Youth Safe Park building project. The first phase of the project is estimated at R10 million. This fund will grow as further donations are received specifically for this project and the funds will be spent when the project breaks ground.		
2.5 Building Improvement Reserve	250,000	-
This reserve is for building improvements required on the Beautiful Gate site above and beyond annual maintenance.		
2.6 Vehicle Reserve Fund	103,850	-
This reserve is for funds set aside to procure a new vehicle in 2021.		

Accounting policies and explanatory notes

Figures in Rand	2020	2019
-----------------	------	------

2.7 Ububele Fund	126,533	-
-------------------------	----------------	----------

This reserve allows for generosity in the next financial year and may include study support for alumni beneficiaries, financial support to other Beautiful Gate associations and seed funding for community projects. The fund is administered by the Executive Leadership of Beautiful Gate, with oversight by the Board.

3. Non-current assets

	2020			2019		
	Cost	Transfer to accumulated funds	Carrying value	Cost	Transfer to accumulated funds	Carrying value
Owned assets						
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	-
	<u>13,370,070</u>	<u>1,097,900</u>	<u>12,272,170</u>	<u>13,370,070</u>	<u>1,097,900</u>	<u>12,272,170</u>

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

	Carrying value 31/12/2019	Additions	Disposals	Transfer to accumulated funds	Carrying value 31/12/2020
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>

Trading as Beautiful Gate South Africa

(Registration number 005-086 NPO)

Annual Financial Statement for the year ended 31 December 2020

Accounting policies and explanatory notes

Figures in Rand	Note(s)	2020	2019
4. Cash and cash equivalents			
Money Market		5,103,985	2,456,397
Market link - Eskom		54,586	53,515
Deposit call account		68,761	64,504
Current account - Beautiful Gate Ministry		286,783	693,632
Current account - Designated		1,925	6,404
Cash on hand		68	957
		5,516,108	3,275,409
5. Deferred Income			
Donations received in advance for specific projects.			
AECI Limited		333,333	332,750
Connect Network		-	8,647
DG Murray Trust		111,250	134,583
Rolf Stephan Nussbaum Foundation		-	200,000
Stichting Zijn		146,894	159,789
		591,477	835,769
6. Investments			
Ninety One Investment Platform (Pty) Ltd listed shares - Cost		2,000,000	1,600,000
Ninety One Investment Platform (Pty) Ltd listed shares - Market value		2,317,113	1,714,597
7. Trade and other receivables			
Sundry debtors		2,414,909	1,590,912
		2,414,909	1,590,912