

**BEAUTIFUL GATE SOUTH AFRICA**  
(Reg no: 005-086 NPO)  
An Association Established under  
"THE NONPROFIT ORGANISATIONS ACT 1997"

**ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2014**

# BEAUTIFUL GATE SOUTH AFRICA

(Registration number 005-086 NPO)

Annual Financial Statements for the year ended 31 March 2014

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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)

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## **REPORT OF THE INDEPENDENT AUDITOR**

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

### **BEAUTIFUL GATE SOUTH AFRICA**

We have audited the annual financial statements of Beautiful Gate South Africa, which comprise the chairpersons' report, the statement of financial position as at 31 March 2014, and the Statement of Comprehensive Income and Retained Earnings for the year.

#### **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 South Africa 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 March 2014 and its financial performance for the year then ended in accordance with the basis of accounting as described in note 1.

#### **Emphasis of Matter**

Without qualifying our opinion, we emphasise that the basis of accounting and the presentation and disclosures contained in the financial statements are not intended to, and do not, comply in certain respects with the requirements of South African Statements of Generally Accepted Accounting Practice.



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GEORGE W CLOETE

Registered Auditor

Practice No: 950262

CAPE TOWN

22 September 2014

(Registration number 005-086 NPO)

Annual Financial Statement for the year ended 31 March 2014

## **Chairperson's Report**

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The board submit their report for the year ended 31 March 2014.

### **BUSINESS ACTIVITIES**

Beautiful Gate South Africa 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 existing borrowing facilities, 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 year.

### **BOARD MEMBERS**

The following acted as board members during the year:

V. Stannard - (Executive Director)  
T. Brouwer - (Board Chairperson)  
S. Farrell - (Vice Chairperson)  
R.B. Couves - (Board Treasurer)  
I. Power - (Board Secretary)  
A. Brouwer  
M. Koela  
E. Ntshuntshe  
T. Rulumeni

### **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 South Africa. 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 trust. 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 shareholders, the board of board members 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 22/04/14 by the board members and are signed on its behalf by:

  
Member

  
Member

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Annual Financial Statement for the year ended 31 March 2014

**Statement of financial position**

Figures in Rand	Note(s)	2014	2013
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>3</b>	<b>14,068,716</b>	<b>13,910,993</b>
Non-current assets		12,272,170	12,272,170
Investments	7	1,796,546	1,638,823
<b>Current assets</b>		<b>2,298,060</b>	<b>1,970,216</b>
Cash and cash equivalents	4	1,515,361	1,846,279
Trade and other receivables	8	685,326	102,535
Vat refundable		97,373	21,402
		<b>16,366,776</b>	<b>15,881,209</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Accumulated funds</b>	<b>2.1</b>	<b>14,975,386</b>	<b>14,473,904</b>
<b>Reserve</b>		<b>813,000</b>	<b>693,000</b>
<b>Restricted funds</b>	<b>6</b>	<b>243,565</b>	<b>494,108</b>
<b>Current liabilities</b>		<b>334,825</b>	<b>220,197</b>
Trade and other payables		144,869	103,119
Rental deposits		10,196	9,196
Department of Social Development conduit contracts	5	179,760	107,882
		<b>16,366,776</b>	<b>15,881,209</b>

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Annual Financial Statement for the year ended 31 March 2014

**Statement of comprehensive income and retained earnings**

Figures in Rand	Note(s)	2014	2013
<b>Revenue</b>			
Unrestricted donations		1,792,157	1,897,342
Restricted donations		2,735,711	2,301,502
National Lottery Distribution Trust Fund		289,000	397,000
Government grant		1,145,044	1,066,368
Contributions for services		486,861	193,733
		<b>6,448,773</b>	<b>5,855,945</b>
<b>Other income</b>			
Profit on the sale of land and buildings		-	1,410,855
Interest received		79,449	99,724
		<b>6,528,222</b>	<b>7,366,524</b>
<b>Operating expenses</b>			
Child & Youth Care		2,701,883	2,574,047
Community Family Support		698,636	609,833
Community Medical Care		907,987	878,558
Sustainability Projects		92,761	180,950
Youth Development & After School		1,064,518	870,131
Resource Centre		548,955	472,663
Audit Fee		12,000	12,000
		<b>6,026,740</b>	<b>5,598,182</b>
<b>Profit / (Loss) for the year</b>		<b>501,482</b>	<b>1,768,342</b>
Less: Transfer profit on sale of land and buildings to accumulated funds		-	(1,410,855)
<b>Profit / (Loss) for the year</b>		<b>501,482</b>	<b>357,487</b>

**Accounting policies and explanatory notes**

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**1. Accounting policies**

The principle accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**1.1 Basis of preparation**

The financial statements have been prepared in accordance with the Constitution. The financial statements have been prepared under the historical cost convention. All income and expenditure is recorded using the cash flow basis of accounting. They are presented in South African Rands.

**1.2 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.

**1.3 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.

**1.4. 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.

**1.5. 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.

**1.6. 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**

**1.7. 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 Trust 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. Funds**

**2.1 Accumulated funds**

	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
Balance at the beginning of the year	14,473,904	12,705,562
Surplus / (Deficit) for the year	501,482	357,487
Transfer from profit and loss on sale of fixed asset	-	1,410,855
<b>Balance at the end of the year</b>	<b>14,975,386</b>	<b>14,473,904</b>

**3. Non-current assets**

	<b>2014</b>			<b>2013</b>		
	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	1,029,454	1,029,454	-	1,029,454	1,029,454	-
Office & computers	650,993	650,993	-	650,993	650,993	-
Medical equipment	47,217	47,217	-	47,217	47,217	-
Motor vehicles	738,453	738,453	-	738,453	738,453	-
	<b>14,738,287</b>	<b>2,466,117</b>	<b>12,272,170</b>	<b>14,738,287</b>	<b>2,466,117</b>	<b>12,272,170</b>

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

	Carrying value 31/03/2013	Additions	Disposals	Transfer to accumulated funds	Carrying value 31/03/2014
<b>Owened assets</b>					
Land and buildings	12,272,170	-	-	-	12,272,170
Furniture and fittings	-	-	-	-	-
Office & computer equipment	-	-	-	-	-
Medical equipment	-	-	-	-	-
Motor vehicles	-	-	-	-	-
	<b>12,272,170</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,272,170</b>

**Accounting policies and explanatory notes**

Figures in Rand	Note(s)	2014	2013
<b>4. Cash and cash equivalents</b>			
Money Market		1,400,668	1,653,359
Market link		1,260	1,260
Market link - Eskom		43,397	41,994
Deposit call account		56,458	55,202
Current account - Beautiful Gate South Africa		13,310	85,275
Cash on hand		268	9,189
		<b>1,515,361</b>	<b>1,846,279</b>
<b>5. Department of Social Development Conduit Contract</b>			
Beautiful Gate South Africa administers funds on behalf of the Department of Social Development for nutrition support and trauma room projects.			
Balance at the beginning of the year		107,882	96,680
Income		102,478	336,072
Expenditure		(30,600)	(324,870)
<b>Balance at the end of the year</b>		<b>179,760</b>	<b>107,882</b>
<b>6. Restricted Funds</b>			
Donations received in advance for specific projects			
ApexHi trust		60,000	50,000
De Schone Poort - Restaurant		64,815	64,815
DG Murray - M&E project		-	51,800
DG Murray - Resource centre and youth development		18,750	150,000
EO Metterdaad - Dignity campaign		-	102,493
Nussbaum Foundation		100,000	-
Nedbank foundation		-	75,000
		<b>243,565</b>	<b>494,108</b>
<b>7. Investments</b>			
Investec listed shares - Cost		1,600,000	1,600,000
Investec listed shares - Market Value		1,796,546	1,638,823

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**Accounting policies and explanatory notes**

Figures in Rand	Note(s)	2014	2013
<b>8. Trade and other receivables</b>			
Transnet National Port Authority		415,000	
Liberty (balance due after final report)		150,000	
EO Metterdaad (10% balance due after final report)		54,109	
Sundry debtors		66,217	
		<u>685,326</u>	