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BIBLIONEF SOUTH AFRICA NPC

(Registration number 1998/018378/08)

Financial statements

for the year ended 31 December 2016

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Non-profit organisation
Directors	H Bailey J F De Beer S T Cupido X Guzula M Nassimbeni R J Pearce S M van der Schijff T B van der Walt J Williams
Registered office	4 Central Square Pinelands Cape Town 7405
Business address	4 Central Square Pinelands Cape Town 7405
Bankers	Nedbank Limited
Auditors	SDK Chartered Accountants (SA) Registered Auditors
Company registration number	1998/018378/08
Tax reference number	9199/088/64/3
Level of assurance	These financial statements have been voluntary audited at the request of the directors.
Preparer	The financial statements were independently compiled by: L Visagie CA (SA)
Issued	30 June 2017

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

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

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company 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 International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company'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 company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditor and the audit report is presented on pages 4 to 6.

The financial statements set out on pages 7 to 24, which have been prepared on the going concern basis, were approved by the directors on 30 June 2017 and were signed on their behalf by:

Director **Director**

Durbanville

30 June 2017

SDK | CA
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22b Church Street Durbanville 7550
PO Box 1304 Durbanville 7551
info@sdkca.co.za
+27 21 970 4600
+27 21 975 6780
www.sdkca.co.za

Independent Auditor's Report

To the directors of Biblionef South Africa NPC

Disclaimer of Opinion on the Financial Performance and Cash Flows and Qualified Opinion on the Financial Position

We have audited the Financial Statements of Biblionef South Africa NPC set out on pages 9 to 24, which comprise the Statement of Financial Position as at 31 December 2016, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

We do not express an opinion on the financial performance and cash flows of Biblionef South Africa NPC for the year ended 31 December 2016. Because of the significance of the matter described in the Basis for Opinions section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial performance and cash flows.

In our opinion, except for the possible effects of the matter described in the Basis for Opinions section of our report on the comparability of the current year's financial position with that of the prior year, the financial statements present fairly, in all material respects, the financial position of Biblionef South Africa NPC as at 31 December 2016 in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinions, Including Basis for Disclaimer of Opinion on the Financial Performance and Cash Flows and Qualified Opinion on the Financial Position

Basis of disclaimer

Comparatives presented in these financial statements are those figures reported in the previous year's financial statements. Because we were appointed auditors of the company during the year ended 31 December 2016, we were not able to observe the counting of the physical inventories at the beginning of the year ended 31 December 2016 or satisfy ourselves concerning those inventory quantities by alternative means. We discovered that previously the company incorrectly impaired inventory to R 1 at the end on each year. We also discovered various other material errors in the opening balances. The directors have determined that it is not cost effective to correct or adjust these balances and therefore have not restated the corresponding figures.

Since opening balances enter into the determination of the results of operations, we were unable to determine whether adjustments to the results of operations and opening retained earnings might have been necessary for the year ended 31 December 2016.

Basis of qualified opinion

Included in inventory is an amount of R 3,320,271 for books received as donations. Prior to the change in accounting policy the company did not maintain records of the fair value of the books received as donations, as this was not deemed necessary. We were unable to obtain sufficient appropriate audit evidence to substantiate the valuation of the donated books in inventory disclosed in note 6 to the financial statements. As a consequence, we were unable to determine whether any adjustments were required to the financial statements arising from inventory incorrectly stated.

Cash donations and donations received in books are a significant source of the revenue for Biblionef South Africa NPC. The directors have determined that it is impracticable to establish internal controls over the collection of cash donations and donations received in books prior to the initial entry into its financial records. We were therefore unable to confirm whether all cash donations and books received in donations were recorded.

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

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008, and supplementary information set out on pages 23 to 24. 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, 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 directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors 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 directors 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 directors 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement 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 directors.
- Conclude on the appropriateness of the directors' 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 the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

H M Smit
Registered Auditors
30 June 2017

SDK Chartered Accountants (SA)
22b Church Street
Durbanville
7550

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Biblionef South Africa NPC for the year ended 31 December 2016.

1. Incorporation

The company was incorporated in South Africa on 15 September 1998 and obtained its certificate to commence business on the same day.

2. Nature of business

The company is an non-profit organisation, which is dedicated to supplying suitable books to children to promote their personal development.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Certain accounting policies for the reporting period under review were changed to be in line with the Companion Guide for Not-for-profits to the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). Please refer to note 2, Changes in accounting policy, of the financial statements for the details.

The reason for the change is to reflect more fairly the financial activities of Biblionef South Africa NPC. In the past donations received in books and donations granted in books were accounted for at a nominal fixed amount and not at fair value of the books. This resulted in a material understatement of the size of Biblionef South Africa NPC and its activities.

To rectify this an estimated fair value of donations received in books during the current year were calculated as well as the estimated fair value of donated books in inventory at year end. From the 2017 financial year accurate valuation of donated books are obtained and account for. We believe this change in policy will reflect more fairly the size of Biblionef South Africa NPC and its activities.

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

4. Directors

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

Name	Changes
H Bailey	
J F De Beer	
S T Cupido	Appointed 01 January 2016
X Guzula	Appointed 01 January 2016
E M Masina	Resigned 09 January 2017
M Nassimbeni	
R J Pearce	
S M van der Schijff	Appointed 14 March 2016
T B van der Walt	
J Williams	

5. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

At 31 December 2016 the company's investment in property, plant and equipment amounted to R170,485 (2015:R196,279), of which R4,302 (2015: R11,318) was added in the current year through additions.

6. Special resolutions

No special resolutions were made by the company during the period covered by this report.

7. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

8. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company.

9. Auditors

SDK Chartered Accountants (SA) continued in office as auditors for the company for 2016 and will continue in 2017.

10. Secretary

The company had no secretary during the year under review.

11. Date of authorisation for issue of financial statements

The financial statements have been authorised for issue by the directors on 30 June 2017. No authority was given to anyone to amend the financial statements after the date of issue.

Statement of Financial Position as at 31 December 2016

Figures in Rand	Note	2016	2015
Assets			
Non-Current Assets			
Property, plant and equipment	3	170,485	196,279
Other financial assets	4	1,227,173	1,118,661
		1,397,658	**1,314,940**
Current Assets			
Inventories	5	6,802,116	4,581,648
Trade and other receivables	6	35,744	528,103
Cash and cash equivalents	7	1,803,275	2,252,709
		8,641,135	**7,362,460**
Total Assets		**10,038,793**	**8,677,400**
Equity and Liabilities			
Equity			
Retained income		9,542,185	7,282,694
Liabilities			
Current Liabilities			
Trade and other payables	8	227,441	60,340
Deferred income	9	269,167	1,214,581
Current tax payable		-	119,785
		496,608	**1,394,706**
Total Equity and Liabilities		**10,038,793**	**8,677,400**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note	2016	2015
Revenue	10	5,996,492	5,309,382
Cost of sales	11	(4,988,409)	(804,523)
Gross profit		**1,008,083**	**4,504,859**
Other income	12	4,180,246	2,744,008
Operating expenses		(3,089,616)	(2,572,828)
Operating profit	13	**2,098,713**	**4,676,039**
Investment revenue	14	150,403	131,828
Fair value adjustments	15	10,427	40,204
Finance costs	16	(52)	-
Profit before taxation		**2,259,491**	**4,848,071**
Taxation	17	-	(92,330)
Profit for the year		**2,259,491**	**4,755,741**
Other comprehensive income		-	-
Total comprehensive income for the year		**2,259,491**	**4,755,741**

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 January 2015	**2,526,953**	**2,526,953**
Profit for the year	4,755,741	4,755,741
Other comprehensive income	-	-
Total comprehensive income for the year	**4,755,741**	**4,755,741**
Balance at 01 January 2016	**7,282,694**	**7,282,694**
Profit for the year	2,259,491	2,259,491
Other comprehensive income	-	-
Total comprehensive income for the year	**2,259,491**	**2,259,491**
Balance at 31 December 2016	**9,542,185**	**9,542,185**

Statement of Cash Flows

Figures in Rand	Note	2016	2015
Cash flows from operating activities			
Cash receipts from customers		10,669,097	4,719,851
Cash paid to suppliers and employees		(11,046,711)	(4,482,856)
Cash (used in) generated from operations	19	(377,614)	236,995
Interest income		142,950	125,792
Dividends received		7,454	6,035
Finance costs		(52)	-
Tax paid	20	(119,785)	-
Net cash from operating activities		**(347,047)**	**368,822**
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(4,302)	(11,318)
Repayment of financial assets		(110,427)	(67,089)
Advance of financial assets		12,342	40,204
Net cash from investing activities		**(102,387)**	**(38,203)**
Total cash movement for the year		**(449,434)**	**330,619**
Cash at the beginning of the year		2,252,709	1,922,090
Total cash at end of the year	7	**1,803,275**	**2,252,709**

1. Presentation of financial statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The 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, except for the changes set out in note 2 Changes in accounting policy.

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, 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 includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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.

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.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Motor vehicles	Straight line	10 years
Office equipment	Straight line	6 years
IT equipment	Straight line	3 years

The residual value, depreciation method and useful life of each asset are reviewed at each year end if there are indicators present that there has been a significant change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

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 or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

1.2 Financial instruments (continued)

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the 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.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment.

All financial assets whose fair value cannot otherwise be measured reliably, and which do not meet the criteria to be designated as an instruments measured at amortised cost, are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, are measured at fair value through profit and loss.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

1.2 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor’s expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.5 Inventories

Donated goods held by a charity for distribution to its beneficiaries are recognised as inventory, with the corresponding income recognised within donations received and measured at its fair value. The company assesses at each reporting date whether there is any indication that an asset may be impaired.

The cost of any inventory of goods donated for distribution to beneficiaries is deemed to be the fair value of those donations at the time of their receipt.

Purchased goods are measured at the lower of cost and estimated selling price less costs to sell, on the weighted average cost basis.

The cost of any purchased goods are the costs of purchases, and other costs incurred in bringing the inventory to their present location and condition.

1.6 Impairment of assets

The company assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any such indication , the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.7 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.8 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Donations in cash is recognised when it is received.

Donated goods received are measured at their fair value at the time of the receipt.

Income from grants is recognised in the financial period to which it relates. Accrued and deferred grant income is based on the balance of the project fund after taking into account the direct, indirect and shared costs. The expected surplus of the project fund is deferred to the following year or the deficit is accrued in the current year under review.

Project expenses that are clearly identifiable are allocated directly against project funds in terms of the contractual obligations to donors. Indirect and shared costs are apportioned based on management estimates.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company’s right to receive payment has been established.

1.9 Borrowing costs

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

Figures in Rand	2016	2015

2. Changes in accounting policy

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities on a basis consistent with the prior year except for the following:

Inventories (donated goods) and donations received in goods

Previously donated goods received were account for at a nominal fixed amount as determind by the directors. Donated goods at year end were measured at net realisable value, being a notional value of R1 as they believed there were no certainties of the amount of books which will be donated for no consideration. A decision was made to change the policy in accordance with the Companion Guide for Not-for-profits to the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SME's), which state that donated goods held by a charity for distribution to its beneficiaries should be recognised as inventory, with the corresponding income recognised within donations received and measured at its fair value at the time of receipt.

Management do not have sufficient records relating to fair value of the donated goods received to enable retrospective adjustments to the value of the donations in goods received or the opening and closing balance of inventory for the year ended 31 December 2015. As this exercise will not be cost efficient toward the purpose of the entity, the change in accounting policy is applied prospectively. The only retrospective adjustment made in terms of the change in accounting policy was to adjust the closing balance of the inventory at 31 December 2015 to the amount as per valuation report, calculated at the fixed amount formula before the impairment adjustment.

The aggregate effect of the changes in accounting policy, which could be determined, on the financial statements for the year ended 31 December 2015 is as follows:

Statement of Financial Position

Inventory		
Previously stated	-	1
Adjustment	-	4,581,647
	-	**4,581,648**

Statement of Profit or Loss and Other Comprehensive Income

Donations in books received		
Previously stated	-	66,651
Adjustment	-	3,474,329
	-	**3,540,980**
Cost of books sold and donated		
Previously stated	-	1,548,472
Adjustment	-	(1,107,319)
	-	**441,153**

Notes to the Financial Statements

Figures in Rand	2016	2015

3. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Motor vehicles	220,000	(64,674)	155,326	220,000	(52,800)	167,200
Office equipment	124,112	(113,827)	10,285	100,083	(84,394)	15,689
IT equipment	62,339	(57,465)	4,874	99,304	(85,914)	13,390
Total	**406,451**	**(235,966)**	**170,485**	**419,387**	**(223,108)**	**196,279**

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Closing balance
Motor vehicles	167,200	-	(11,874)	155,326
Office equipment	15,689	4,302	(9,706)	10,285
IT equipment	13,390	-	(8,516)	4,874
	196,279	**4,302**	**(30,096)**	**170,485**

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Closing balance
Motor vehicles	198,000	-	(30,800)	167,200
Office equipment	25,407	-	(9,718)	15,689
IT equipment	12,160	11,318	(10,088)	13,390
	235,567	**11,318**	**(50,606)**	**196,279**

4. Other financial assets

	2016	2015
At fair value		
Investment in NGI Private Wealth - Balanced fund of funds	1,223,642	1,113,214
Investment in NGI Private Wealth - Unquoted gilts	3,531	5,446
	1,227,173	**1,118,660**
Non-current assets		
At fair value	1,227,173	1,118,661

5. Inventories

	2016	2015
Inventories	6,802,116	4,581,648

Figures in Rand	2016	2015

6. Trade and other receivables

Accrued income	-	714
Prepayments	34,798	498,656
SA Revenue Service: Value-Added Tax	-	12,727
Trade receivables	946	16,006
	35,744	**528,103**

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	814	2,950
Bank balances	1,802,461	2,249,759
	1,803,275	**2,252,709**

8. Trade and other payables

Accrued expenses	4,312	4,579
Accrued leave pay	88,390	47,062
Other payables	-	8,700
SA Revenue Service: Value-Added Tax	14,743	-
Trade payables	119,996	(1)
	227,441	**60,340**

9. Deferred income

The following deferred income relating to Grants received before year end was raised:

FUNDER		
Anglogold Ashanti	-	166,150
D G Murray Trust	104,167	185,000
Fulton Trust	-	70,000
Global Giving Foundation	-	142,716
Hollard	-	15,000
Katholieke Stichting	-	45,715
National Lottery Distribution Trust Fund - Arts and Culture	-	425,000
Yamada BEE Company	165,000	165,000
	269,167	**1,214,581**

Figures in Rand	2016	2015

10. Revenue

Donations in books received	4,582,361	3,540,980
Recoveries	300,091	132,276
Sale of books	1,114,040	1,636,126
	5,996,492	**5,309,382**

11. Cost of sales

Sale of goods

Opening balance	4,581,647	1
Cost of donated books received	4,582,361	3,474,328
Purchases of books	1,992,221	1,544,872
Distribution costs	378,403	218,237
Other materials purchased	255,893	148,732
Closing balance	(6,802,116)	(4,581,647)
	4,988,409	**804,523**

12. Other income

Bad debt recovered	-	470
Donations in cash received	-	-
- Corporate sector	261,181	89,973
- Individuals	39,406	41,137
- International funding	1,019,544	918,074
- Trusts and Foundations	2,860,116	1,694,354
	4,180,247	**2,744,008**

13. Operating profit

Operating profit for the year is stated after accounting for the following:

Operating lease charges

Premises		
• Contractual amounts	344,959	315,182
Lease rentals on operating lease		
• Contractual amounts	10,121	11,720
	355,080	**326,902**

Depreciation	30,096	50,606
Employee costs	1,927,478	1,693,395

Figures in Rand	2016	2015

14. Investment revenue

Dividend revenue		
Unit trusts - Local	7,454	6,035
Interest revenue		
Bank	115,292	74,349
Other financial assets	27,658	51,444
	142,950	**125,793**
	150,404	**131,828**

15. Fair value adjustments

Other financial assets	10,427	40,204

16. Finance costs

Trade and other payables	52	-

17. Taxation

This company is exempt from income tax in terms of section 10(1)(cN) of the Income Tax Act. No provision has been made for 2016 tax as the company has no taxable income.

18. Auditor's remuneration

Audit fees	60,055	58,355
Adjustment for previous year	(8,700)	-
	51,355	**58,355**

19. Cash (used in) generated from operations

Profit before taxation	2,259,491	4,848,071
Adjustments for:		
Depreciation	30,096	50,606
Dividends received	(7,454)	(6,035)
Interest received	(142,950)	(125,792)
Finance costs	52	-
Fair value adjustments	(10,427)	(40,204)
Changes in working capital:		
Inventories	(2,220,468)	(4,581,647)
Trade and other receivables	492,359	(266,046)
Trade and other payables	167,101	(50,014)
Deferred income	(945,414)	408,056
	(377,614)	**236,995**

Figures in Rand	2016	2015

20. Tax paid

Balance at beginning of the year	(119,785)	(27,455)
Current tax for the year recognised in profit (loss)	-	(92,330)
Balance at end of the year	-	119,785
	(119,785)	**-**

21. Directors' remuneration

Executive

2016

	Emoluments	Total
In connection with the affairs of the company	515,685	515,685

2015

	Emoluments	Total
In connection with the affairs of the company	457,104	457,104

22. Prior period errors

The income tax payable during 2015 financial year was incorrectly accounted for at the end of the financial year 31 December 2015 but was correctly paid over to the South African Revenue Services. Comparative amounts for the financial year ended 31 December 2016 was restated.

The correction of the errors resulted in adjustments as follow:

Statement of Financial Position		
Increase in Income tax payable	-	(18,805)
Profit or Loss		
Increase in income tax expense	-	18,805

23. Comparative figures

Certain comparative figures have been reclassified to give a better presentation of the effect of particular transactions and events and to enable users to understand these effects on the entity's financial performance.

Profit or Loss		
Increase in cost of sales	-	1,911,842
Decrease in other operating expenses	-	(1,911,842)
Increase in other income	-	2,743,538
Decrease in revenue	-	(2,743,538)

Detailed Income Statement

Figures in Rand	Note	2016	2015
Revenue			
Donations in books received		4,582,361	3,540,980
Recoveries		300,091	132,276
Sale of books		1,114,040	1,636,126
	10	**5,996,492**	**5,309,382**
Cost of sales	**11**	**(4,988,409)**	**(804,523)**
Gross profit		**1,008,083**	**4,504,859**
Other income			
Bad debt recovered	12	-	470
Dividends received	14	7,454	6,035
Donations in cash received	12	4,180,246	2,743,538
Fair value adjustments	15	10,427	40,204
Interest received	14	142,950	125,792
		4,341,077	**2,916,039**
Expenses (Refer to page 24)		**(3,089,614)**	**(2,572,828)**
Operating profit	13	**2,259,546**	**4,848,070**
Finance costs	16	(52)	-
Profit before taxation		**2,259,494**	**4,848,070**
Taxation	17	-	(92,330)
Profit for the year		**2,259,494**	**4,755,740**

Detailed Income Statement

Figures in Rand	Note	2016	2015
Operating expenses			
Accounting fees		(4,640)	(2,250)
Administration and management fees		(3,327)	(3,808)
Auditors remuneration	18	(51,355)	(58,355)
Bank charges		(10,997)	(12,653)
Board expenses - accommodation		(13,792)	(5,645)
Board expenses - catering		(8,553)	(4,824)
Board expenses - travelling		(30,639)	(33,221)
Computer expenses		(8,332)	(18,914)
Conferences and workshops		-	(9,446)
Consultancy fees		(18,144)	(69,950)
Consumables		(2,200)	(1,445)
Depreciation		(30,096)	(50,606)
Employee costs		(1,927,478)	(1,693,395)
Entertainment		(614)	(706)
Insurance		(13,823)	(14,366)
Lease rentals on operating lease		(355,080)	(326,903)
Marketing		(22,811)	(6,632)
Membership fees		(868)	(945)
Motor vehicle expenses		(54,039)	(40,407)
Printing and stationery		(34,313)	(17,588)
Programme costs - Missions		(139,269)	(66,077)
Programme costs - Projects		(288,068)	(78,882)
Repairs and maintenance		(3,004)	(435)
Staff welfare		(8,044)	(9,022)
Subscriptions		(2,210)	(2,837)
Telephone and fax		(57,918)	(43,516)
		(3,089,614)	**(2,572,828)**