JUDEA HARVEST NPC
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
28 FEBRUARY 2017

DANNHAUSER INCORPORATED

GEOKTROOIEERDE REKENMEESTERS EN OUDITEURE (SA)
CHARTERED ACCOUNTANTS AND AUDITORS (SA)

Index

General Information

Country of incorporation and domicile	:	South Africa
Main business activities of the company	:	Community development for poor and needy persons and antipoverty initiatives, focusing on children and youth
Directors and officers	:	Mr JG Henning Mr AP Pretorius Mr L Blom Mr JH De Klerk Mr D Reynecke Mev E Geldenhuys
Registered address	:	Pure Joy Lodge 527 Maroela Avenue Kameeldrift East Pretoria
Registered office	:	PO Box 80 Ferndale Randburg 2160
Bankers	:	ABSA Bank Randburg
Auditors	:	Dannhauser Incorporated Chartered Accountants (SA) Registered Auditors

Dannhauser
INCORPORATED
Chartered Accountants and Auditors

Report of the independent auditors

To the members of JUDEA HARVEST NPC

Report on the Financial Statements
We have audited the accompanying financial statements of Judea Harvest NPC, which comprise the balance sheet as at 28 February 2017, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 6 to 14.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for SMES and the requirements of the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these annual 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 whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual 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 annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of 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.

Qualification
In common with similar organisations, it is not feasible for the organisation to institute accounting controls over cash collections prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Audit opinion
In our opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraph, the financial statements fairly present, in all material respects, the financial position of the company at 28 February 2017 and the results of its operations and cash flows for the year ended in accordance with International Financial Reporting Standards for SMES and the requirements of the Companies Act of South Africa.

Emphasis of matter
We would like to draw your attending of the following:

- **Going concern**
  Without qualifying our opinion any further, we draw attention to the fact that the company's ability to continue trading on a going concern basis in the foreseeable future is reliant on the financial support of the public.

- **Investment**
  We were also not able to satisfy ourselves as to the valuation of the unlisted investment in Green Flash Trading 145 (Pty) Ltd, and possible impairment losses against this investment.

DANNHAUSER INCORPORATED	**DATE**
Registered Accountants and Auditors	**Randburg**
Chartered Accountants (SA)	

Tel: (2711) 792-8886 Fax: (2711) 792-9922 Email: jad@danhaus.co.za
PO Box 80 Ferndale 2160 416 West Avenue Ferndale Randburg
Reg no 2002/015793/21
Director: J A Dannhauser BCom Hons CA (SA)

Director's responsibilities and approval

The directors are required by the Companies Act of South Africa, 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at year end and the results of its operations and cash flows for the period ended, in conformity with the International Financial Reporting Standards for SME's. The external auditors are engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standards for SME's and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 board 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 annual 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 28 February, 2018 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 auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 6-9, which have been prepared on the going concern basis, were approved by the board and are signed on its behalf by:

Director	23 May 2018 Date
Director	23 May 2018 Date

Directors' Report

The directors submit their report for the year under review.

1 General Review

Main business and operations

Judea Harvest Group consists of 3 organisations. Judea Harvest, the church planting and evangelism movement, Judea Training, working to train spiritual leaders across Africa, and Judea Hope, working to uplift South Africa's previously disadvantaged communities.

2 Events after the reporting period

The directors are not aware of any significant occurrence, fact or circumstance concerning the company, between the accounting date and the date of this report which requires specific mention of disclosure.

3. Financial results

The financial results are set out in the financial statements and are summarised as follows:	2017	2016
Total Income	**14 622 550**	**10 705 803**
Net surplus/ (deficit) from operations	**496 281**	**1 479 772**

4 Auditors

Dannhauser Incorporated will continue in office in accordance with section 90 of the Companies Act.

Balance sheet

Figures in Rand	Note(s)	2017	2016
Assets			
Non current assets		**4 201 968**	**4 127 769**
Property, plant and equipment	2	3 291 315	3 582 769
Loans Receivable	4	910 653	-
Investment in subsidiaries	3	-	545 000
Current assets		**651 205**	**349 282**
Inventory	5	133 566	120 000
Cash and bank	6	517 639	229 282
Total assets		**4 853 173**	**4 477 051**
Reserves and Liabilities			
Reserves		**1 756 269**	**1 259 989**
Accumulated surplus		1 756 269	1 259 989
Non-Current liabilities		**590 371**	**384 852**
Interest bearing borrowings	7	590 371	384 852
Current liabilities		**2 506 533**	**2 832 209**
Trade and other payables	8	2 309 951	2 688 186
Short-term portion of long-term borrowings	7	196 582	144 023
Total reserves and liabilities		**4 853 173**	**4 477 051**

Income statement: Judea Harvest

Figures in Rand	Note(s)	2017	2016
Income			
Donations received		10 624 228	9 567 898
Fixed Income		55 000	-
Investment income		3 507	264
Packing events and tin collections		1 238 965	-
Sales of products		192 785	-
Tent donations received		2 462 050	1 137 641
Training Income		46 015	-
Gross income		**14 622 550**	**10 705 803**
Expenditure		**(14 126 269)**	**(9 226 032)**
Accounting fees		45 545	66 377
Advertising and promotion		302 485	177 930
Bank charges		84 980	74 780
Cleaning		11 623	-
Commission		157 090	-
Computer expenses		84 553	42 876
Consulting fees		93 792	9 500
Courier and postage		22 979	-
Discount allowed		150	-
Depreciation		230 047	232 654
Donations		100 000	12 960
Entertainment		117 363	-
Insurance		171 896	149 004
Interest paid		63 492	67 832
Legal fees		1 000	66 155
Ministry support		429 679	312 786
Motor vehicle expenses		461 416	-
Other Projects		400 000	-
Other operating expenses		969 082	-
Property expenses		651 816	-
Printing and stationery		142 395	38 143
Rent, water and electricity		255 924	225 319
Repairs and maintenance		211 457	249 581
Salaries and wages		3 077 430	2 591 339
Stock purchases		573 973	-
Storage and transport costs		46 458	33 023
Subscriptions		5 351	-
Telephone and postage		325 940	265 709
Tent expenses		1 958 172	2 040 713
Training and conferences		59 617	32 926
Travel, accommodation and entertainment		454 863	371 217
UIF and SDL Company Contributions		47 952	-
Upliftment projects		2 567 751	2 165 208
Net surplus for the year		**496 281**	**1 479 772**

Statement of Changes in Equity

Figures in Rand	Accumulated Surplus	Total
Balance at 28/02/2015	(219 783)	(219 783)
Surplus for the year	1 479 772	1 479 772
Balance at 29/02/16	**1 259 989**	**1 259 989**
Surplus for the year	496 281	496 281
Balance at 28/02/17	**1 756 269**	**1 756 269**

Cash Flow Statement

Figures in Rand	Note(s)	2017	2016
Cash flow from operating activities			
Net surplus for the year		496 281	1 479 773
Adjusted for:			
Depreciation		230 047	232 654
Interest paid		63 492	67 832
Interest received		(3 507)	(264)
Cash surplus before working capital changes		786 312	1 779 995
Movements in working capital		**(391 801)**	**1 767 070**
Increase in accounts receivable		-	-
Decrease in stock		(13 566)	51 929
Increase in accounts payable		(378 235)	1 715 141
Cash inflow from operations		394 511	3 547 065
Investment income		3 507	264
Interest paid		(63 492)	(67 832)
Cash generated from operating activities		**334 526**	**3 479 497**
Cash flows from investing activities			
Acquired to expand operations			
Additions to fixed assets		(28 593)	(3 108 315)
Proceeds from disposal of non current assets		90 000	-
Cash utilized in investing activities		**61 407**	**(3 108 315)**
Cash flow from financing activities			
Decrease in interest bearing borrowings		258 078	(143 667)
Increase in loans granted		(910 653)	-
Shares purchased		545 000	(145 000)
Cash utilized in financing activities		**(107 575)**	**(288 667)**
Increase in cash and cash equivalents		288 357	82 516
Cash and cash equivalents at beginning of year		229 283	146 767
Cash and cash equivalents at end of year		**517 639**	**229 283**

Accounting Policies

1. Summary of accounting policies

The Schools Act of 1996 requires that the School Governing Body must draw up financial statements in accordance with the guidelines determined by the MEC. These guidelines require the preparation of annual financial statements which indicate, with suitable particulars, money received and expenditure incurred by the school during the financial year, and its assets and liabilities at the end of the financial year concerned. The school applied an entity specific basis of accounting as described hereunder. The financial statements have not been prepared in accordance with South African Statements of Generally Accepted Accounting Practice.

The financial statements have been prepared on a historical cost basis, except when otherwise indicated. The financial statements are prepared on the accrual basis of accounting in terms of which the effects of transactions and other events are recognised when they occur and they are recorded and reported in the periods to which they relate. Furthermore, the financial statements are prepared on the basis that the school is a going concern.

The financial position of the school is presented in a balance sheet, comprising assets, liabilities and reserves. The financial performance of the school is presented in an income statement, comprising income and expenses:

* Assets: An asset is a resource controlled by the school as a result of past events and from which future economic benefits are expected to flow to the school.
* Liabilities: A liability is a present obligation of the school arising from past events, the settlement of which is expected to result in an outflow from the school of resources embodying economic benefits.
* Reserves: Comprise the residual of the assets after deducting all liabilities.
* Income: Income includes revenue and gains, and are increases in economic benefits during an accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in reserves.
* Expenses: Are decreases in economic benefits during an accounting period in the form of outflows or depletions of assets or incurrence's of liabilities that result in decrease in reserves.

The financial statements incorporate the following principal accounting policies which have been consistently applied in all material respects, unless when otherwise indicated.

2. Property, plant and equipment

2.1 Property, plant and equipment

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

Depreciation is provided for on assets over their useful life as stated below:

Item	**Average useful life**
Motor vehicles	5 years
Furniture and fittings	6 years
Computer equipment	3 years
Computer software	3 years
Office Furniture	5 years
Tents	3 years

The residual value, depreciation method and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Notes to the Annual Financial Statements

1. Basis of preparation and accounting policies

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standard Board (IASB) and the Companies Act 71 of 2008.

The principal 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 Revenue recognition

Revenue comprises revenue from donations received. Income is accounted once the service funds are received.

1.2 Impairments

The carrying value of assets is reviewed at each balance sheet date to assess whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. Where the carrying value exceeds the estimated recoverable amount, such assets are written down to their estimated recoverable amount.

1.3 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognized on the balance sheet when the company becomes party to the contractual provisions of the instrument..

Financial assets and liabilities are recognized initially at fair value. In the case of financial assets or liabilities classified as at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instruments are added to the fair value.

Subsequent measurement

After initial recognition financial assets are measured as follows:

- Loans and receivables and held-to-maturity investments are measured at amortized cost less any impairment losses recognized to reflect irrecoverable amounts.
- Financial assets classified as available-for-sale or at fair value through profit or loss, including derivatives, are measured at fair values. Fair value, for this purpose, is market related if listed, or a value arrived at by using appropriate valuation models, if unlisted
- Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost.

After initial recognition financial liabilities are measured as follows:

- Financial liabilities at fair value through profit or loss, including derivatives that are liabilities, are measured at fair value.

1. 4 Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognized as follows:

- Where financial assets and financial liabilities are carried at amortized cost, a gain or loss is recognized in profit or loss through the amortization process and when the financial asset or financial liability is derecognized or impaired.
- A gain or loss on a financial asset or financial liability classified as at fair value through profit or loss is recognized in profit or loss.

1.5 Trade and other receivables

Trade and other receivables originated by the enterprise are classified at cost less impairment.

1. 6 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible known amounts of cash. Cash and cash equivalents are measured at fair value.

1.7 Trade and other payables

Trade and other payables are recognised at their original debt value less principal payments.

1.8 Provisions

Provisions are recognized when the entity has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made.

1.9 Fixed assets and depreciation

Depreciation is provided for on a straight line basis, at rates considered adequate to amortize the assets to nil over their useful live span.

Notes to the Annual Financial Statements

2. Property, plant and equipment

2017

	Land and buildings	Office Equipment	Motor Vehicles	Computer equipment	Tents	Total
Carrying value - opening	**3 000 000**	**3**	**578 060**	**4 681**	**25**	3 582 769
Additions	-	10 045	-	18 548	-	28 593
Disposals	-	-	(90 000)	-	-	(90 000)
Depreciation	-	-	(206 819)	-23 228	-	(230 047)
Carrying value-end of year	**3 000 000**	**10 048**	**281 241**	**1**	**25**	**3 291 315**
Gross carrying value	3 000 000	12 099	1 034 094	115 665	5 085 322	9 247 180
Accumulated depreciation	-	(12 096)	(752 854)	(115 663)	(5 085 297)	(5 965 910)
Accumulated depreciation beginning of year	-	(12 096)	(546 035)	(92 435)	(5 085 297)	(5 735 863)
Disposals	-	-	-	-	-	-
Depreciation - income	-	-	(206 819)	-23 228	-	(230 047)
statement	-	-	-	-	-	-

2016

	Land and buildings	Office Equipment	Motor Vehicles	Computer equipment	Tents	Total
Carrying value - opening	-	3	707 067	14	25	707 109
Additions	3 000 000	-	94 316	13 999	-	3 108 315
Disposals	-	-	-	-	-	-
Depreciation	-	-	(223 322)	(9 332)	-	(232 654)
Carrying value - yearend’	**3 000 000**	**3**	**578 060**	**4 681**	**25**	**3 582 769**
Gross carrying value	3 000 000	12 099	1 124 094	97 117	5 085 322	9 318 632
Accumulated depreciation	-	(12 096)	(546 035)	(92 435)	(5 085 297)	(5 735 863)
Accumulated depreciation beginning of year	-	12 096	370 248	83 104	5 085 297	5 550 745
Disposals	-	-	(47 535)	-	-	(47 535)
Depreciation	-	-	223 322	9 332	-	232 654

3. Investments in subsidiaries

Name of company	% Holding 2017	% Holding 2 016	2017 R.	2016 R.
- Green Flash Trading 145 (Pty) Ltd	0.0%	100.0%	**-**	**545 000**

The carrying value of the above are shown net of impairment losses.

4. Loans Receivable

	2017	2016
Loan - Plot (Mckenzie)	332 487	-
Loan - Plot (Dixobex)	94 444	-
Loan - Plot (Danie)	283 723	-
Loan - Sale of Investment (Green Flash Trading)	200 000	
	910 653	**-**

These loans are interest free with no fixed tern of repayment

5. Inventory

	2017	2016
Stock on hand	133 566	120 000
	133 566	**120 000**

Notes to the Annual Financial Statements

6. Cash and cash equivalents

Cash on hand	507 094	229 282
Deposits on hand	8 475	-
Petty cash	2 070	-
	517 639	**229 282**

Cash and cash equivalents comprise of cash on hands and account balances held with commercial banks.

7. Interest bearing borrowings

Instalment sale agreements	786 953	528 875
Short term portion	(196 582)	(144 023)
	590 371	**384 852**

The instalment sale agreements with ABSA, Toyota Financial Services and Wesbank are secured by motor vehicles. The loans bear interest at various rates linked to the prime lending rate and are repayable in monthly instalments of R 23 094.

8. Trade and other payables

Creditors	2 309 951	2 688 186
Short term portion of long term borrowings	196 582	144 023
	2 506 533	**2 832 209**

9. Taxation

No provision has been made for income tax as the company is exempt from income tax.

10. Related party transactions

Balance sheet	% Holding 2017.	% Holding 2016	**2017 R.**	**2016 R.**
Investment in subsidiaries:				
Name of company				
'- Green Flash Trading 145 (Pty) Ltd	0.0%	100.0%	-	545 000

11. Events after the balance sheet date

Events that occurred after balance sheet date but before the financial statements were authorized for issue, were considered. There were not events that indicate evidence of any adverse conditions that existed on the balance sheet date that should be adjusted for.

Notes to the Annual Financial Statements

12. Financial instruments

Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the company's financial performance. Risk management is carried out under the policies approved by management.

Market risk

Cash flow and fair value interest rate: As the company has no significant interest bearing assets, the company income and operating cash flows are substantially independent of changes in market interest rates. The company's interest rate risk arises from non-current borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk. All the company's borrowings are denominated in South African rands. The company has no specific processes in place to manage cash flow risk. Interest rate exposure is not analysed on a specific basis.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and continued financial support from the shareholders.

Credit risk

Financial assets which potentially subject the company to concentrations of credit risk, consist principally of cash resources and trade receivables.

The company's cash resources are placed with major South African financial institutions of high credit standing and approved by the executive committee comprising senior executives. Receivables are reflected net of doubtful debt provisions, which are considered adequate. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The company's credit risk in respect of amounts owing by related parties is also limited as the parties from whom the amounts are due, are related to the company.

The company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Fair values

The directors are of the opinion that the carrying value of financial instruments approximates fair value.

Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The executive directors are involved in the daily operations of the company and the necessary decisions regarding capital risk management are made as and when necessary.