



BRITZ BLORE & ASSOCIATES INCORPORATED

REGISTERED AUDITORS • CHARTERED ACCOUNTANTS (SA)

THE PEACE AGENCY
(Registration No. NPO 088/756)

ANNUAL FINANCIAL STATEMENTS
INDEPENDENTLY COMPILED
28 February 2015

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Director: M.A. BLORE CHARTERED ACCOUNTANT (SA)
SAICA No. 20023941 • Registration No. 2009/002166/21 • IRBA No. 903589

THE PEACE AGENCY
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ANNUAL FINANCIAL STATEMENTS
28 FEBRUARY 2015

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Approval and statement of responsibility:

The annual financial statements set out on pages 1 to 13 are the responsibility of the Board of Trustees and have been approved by them on 2 November 2015 and are signed on their behalf by:



C Foxton - Chairperson



K Meredith - Vice Chairperson

2 November 2015

THE PEACE AGENCY

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2015

Members of the Board of Trustees of THE PEACE AGENCY are ultimately accountable for the governance of the Entity and are fully cognisant of their collective and individual responsibility for promoting high standards of corporate governance.

The Entity confirms its commitments to the principles of openness, integrity and accountability.

Board of Trustees

Responsibilities

The Board was established according to the constitution of THE PEACE AGENCY. The Board is responsible for oversight and ensuring proper accountability by the Executive Management.

The Board has ultimate responsibility for the management and strategic direction of the Entity, as well as for attending to legislative, regulatory and best practice requirements. Accountability to stakeholders remains paramount in Board decisions, and this is balanced against the demands of the regulatory environment in which the Entity operates, and the concern of its other stakeholders.

Executive Management

These officers are involved with the day-to-day business activities of the Entity and are responsible for ensuring that decisions, strategies and views of the Board are implemented.

Risk Management and the Internal Control Framework.

Effective risk management is integral to the Entity's objective of consistently adding value to the organisation. Management is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures are in place to manage operating risk and involve segregation of duties, transactions authorisation, supervision, monitoring and financial and managerial reporting.

To meet its responsibility with respect to providing reliable financial information, the Entity maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against loss or unauthorised acquisition, use or disposal and that the transactions are properly authorised and recorded.

The system includes division of responsibility, established policies and procedures that are communicated throughout the Entity. All efforts are made to foster a strong, ethical environment. It also includes the careful selection, training and development of people.

There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls.

THE PEACE AGENCY

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 28 FEBRUARY 2015

Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances.

The entity assessed its internal control system as at 28 February 2013 in relation to the criteria for effective internal control financial reporting. The internal control process has been in place up to the date of approval of the annual report and financial statements. Based on its assessment, the Entity believes that, as at 28 February 2015, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisition, use or disposition, met those criteria.

Risk Management and the Internal Control Framework.

The Entity has a culture of the highest standards of behaviour and professionalism. This culture requires that all Entity personnel to act with the utmost integrity and objectivity and in compliance with the letter and spirit of both the law and Entity policies. Failure by employees to uphold this culture results in disciplinary action.

Accounting and Reviewing

The Board places strong emphasis on achieving the highest level of financial management, accounting and reporting to stakeholders. The Board is committed to compliance with the International Financial Reporting Standards for Small and Medium sized Entities. In this regard,

Trustees shoulder responsibility for preparing financial statements that fairly present:

- The state of affairs as at the end of the financial year under review;
- Surplus or loss for the period;
- Cash flows for the period; and
- Non-financial information.

We considered the independence of the Independent Compiler and have concluded their independence is not impaired in any way.

The Independent Compiler was given unrestricted access to all financial records and related data, including minutes of all meetings of Trustees, the Board of Trustees and committees of the Board. The trustees believe that all representations made to the Independent Compiler's during their review are valid and appropriate.



BRITZ BLORE & ASSOCIATES INCORPORATED

REGISTERED AUDITORS • CHARTERED ACCOUNTANTS (SA)

**INDEPENDENT COMPILER'S REPORT TO THE TRUSTEES OF
THE PEACE AGENCY**

Report on the financial statements

We have compiled the financial statements of The Peace Agency based on information provided by management. These financial statements are presented in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs). They comprise the balance sheet as at 28 February 2015, the detailed income statement, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 12.

Management responsibility for the financial statements

The agency's management are responsible for these financial statements, including adoption of the applicable reporting framework, and the accuracy and completeness of the information used to compile the financial statements.

Compiler's responsibility

We performed this compilation engagement in accordance with the International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist management in the preparation and presentation of these financial statements in accordance with IFRS for SMEs. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with IFRS for SMEs.



Britz Blore and Associates Incorporated
Registered Accountants and Auditors

Pietermaritzburg
2 November 2015

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THE PEACE AGENCY

TRUSTEES' REPORT

FOR THE YEAR ENDED 28 FEBRUARY 2015

The trustees have pleasure in submitting their report together with the annual financial statements for the year ended 28 February 2015.

General review

No matter which is material to the financial affairs of the organisation has occurred between 28 February 2015 and the date of approval of the financial statements.

Statements of responsibility

The trustees are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information.

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

The Board are also responsible for the agency's system of internal financial controls. This is designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the trustees to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the trustees have every reason to believe that the agency has adequate resources in place to continue in operation for the foreseeable future.

Financial results

The results of the agency for the year under review are fully set out in the attached financial statements and require no further comment.

Post balance sheet events

No material fact or circumstance, which requires comment, has occurred between the reporting date and the date of this report.

Independent Compiler

Britz, Blore and Associates Incorporated will be available for re-appointment as independent compiler at the annual general meeting.

THE PEACE AGENCY

BALANCE SHEET

AT 28 FEBRUARY 2015

	Notes	2015 R	2014 R
Assets			
Non-current assets			
Property, plant and equipment	2	17,343	8,518
		<u>17,343</u>	<u>8,518</u>
Current assets			
Trade receivables		707,005	282,627
Other receivables and prepayments	3	70,900	5,000
Bank, cash and cash equivalents	4	30,211	41,849
		<u>605,894</u>	<u>235,778</u>
Total assets		<u>724,348</u>	<u>291,145</u>
Equity and liabilities			
Equity			
Accumulated funds		724,348	291,145
		<u>724,348</u>	<u>291,145</u>
Total equity and liabilities		<u>724,348</u>	<u>291,145</u>

THE PEACE AGENCY

**DETAILED INCOME STATEMENT FOR THE YEAR ENDED
28 FEBRUARY 2015**

	Notes	2015 R	2014 R
Revenue		1,641,993	1,020,565
100 Club Income		60,375	34,400
Adoption 101 Income		3,265	1,600
Adopt a Cot Income		38,000	52,500
Baby House (La Lucia) Income		213,431	37,100
Baby House (Malvern) Income		10,000	-
Bright Stars Income		22,022	7,496
Child Grants received		43,648	18,432
Crisis Fund staff		-	1,000
DHL Bright Stars Funding		297,700	-
Fundraising		64,121	69,272
General donations received		306,432	355,627
Gift card donations received		20,099	33,700
Goods donated		126,495	105,709
Hammarisdale development funding		100,000	-
Merchandise and materials sales		390	1,408
Project Dignity income		63,045	-
Project Justice income		14,220	-
Restricted donations received		258,750	302,321
Other Income		16,279	5,406
Interest received		16,279	5,406
Total Income		1,658,272	1,025,971
Operating Expenses		(1,225,069)	(873,949)
Accounting fees		124,877	93,440
Adoption 101 expenses		3,191	3,056
Advertising		147,730	145,670
Baby House (Hammarisdale) expenses		3,880	-
Baby House (La Lucia) expenses		205,988	189,703
Baby House (Malvern) expenses		18,605	-
Bank charges		15,935	10,009
Bright Stars (DHL) expenses		170,568	-
Bright Stars (KZN) expenses		94,500	38,610
Books and publications		269	199
Computer expenses		12,923	21,274
Conferences and events		5,023	1,472
Depreciation		2,599	2,129
Donations		10,537	4,688
Employee costs		311,986	245,699
House of Love and Hope expenses		-	1,350
Meetings		-	1,717
Refreshments		3,747	-
Printing and stationery		6,638	5,490
Rent		24,400	30,551
Repairs and maintenance		2,610	3,508
Soul of Africa expenses		2,268	17,981
Telephone		18,857	17,608
Training		6,715	1,100
Travel and entertainment		24,923	26,820
Utilities		6,300	11,875
Profit before taxation		433,203	152,022
Taxation	5	-	-
Net profit after taxation		433,203	152,022

THE PEACE AGENCY

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2015

	Accumulated funds R	Total R
Balance at 28 February 2013	139,123	139,123
Net profit for the year	152,022	152,022
Balance at 28 February 2014	<u>291,145</u>	<u>291,145</u>
Net profit for the year	433,203	433,203
Balance at 28 February 2015	<u><u>724,348</u></u>	<u><u>724,348</u></u>

THE PEACE AGENCY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2015

	Notes	2015 R	2014 R
Net cash retained in operating activities		381,540	127,067
Cash receipts from customers		1,587,731	995,481
Cash paid to suppliers and employees		(1,222,470)	(873,820)
Cash generated from operating activities	6.1	365,261	121,661
Interest received		16,279	5,406
Cash flows from investing activities		(11,424)	(998)
Purchase of property, plant and equipment		(11,424)	(998)
Net increase in cash and cash equivalents		370,116	126,069
Cash and cash equivalents at beginning of year		235,778	109,709
Cash and cash equivalents at end of year	6.2	605,894	235,778

THE PEACE AGENCY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

1. Accounting policies

The following are the principal accounting policies of the organisation, which are consistent in all material respects with those applied in the previous year, except as otherwise indicated.

Basis of preparation

The financial statements have been prepared on the historical cost basis.

Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is recorded by a charge to income computed on the reducing balance method at 20% per annum.

Revenue

Grant income is recognised in terms of the conditions stated in individual donors' contracts, either when it becomes due or when it is receivable whichever is applicable. Unexpected funds are carried forward to subsequent periods. Other income is recognised upon delivery products and customer acceptance, if any, or performance of services, net of value added tax and discounts.

Cash flows

For the purposes of the cash flow statement, cash includes cash on hand, deposits held on call with banks, investments in money market instruments, and bank overdrafts.

Comparative figures

Where necessary, comparative figures have been reclassified to conform with changes in presentation for the current year.

THE PEACE AGENCY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

2. Property, plant and equipment

	2015			2014		
	Cost	Accum. deprec / impair.	Carrying value	Cost	Accum. deprec / impair.	Carrying value
	R	R	R	R	R	R
Computer equipment	18,964	(11,079)	7,885	16,964	(9,546)	7,418
Furniture and fittings	11,934	(2,476)	9,458	2,510	(1,410)	1,100
	<u>30,898</u>	<u>(13,555)</u>	<u>17,343</u>	<u>19,474</u>	<u>(10,956)</u>	<u>8,518</u>

The carrying amounts for 2015 can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Other	Deprec. / Impairment	Carrying value at end of year
	R	R	R	R	R	R
	Computer equipment	7,418	2,000			(1,533)
Furniture and fittings	1,100	9,424			(1,066)	9,458
	<u>8,518</u>	<u>11,424</u>	<u>-</u>	<u>-</u>	<u>(2,599)</u>	<u>17,343</u>

	2015	2014
	R	R
3. Other receivables and prepayments		
These include:		
Gift vouchers	12,211	16,349
Staff loans	18,000	25,500
	<u>30,211</u>	<u>41,849</u>
4. Bank, cash and cash equivalents		
Bank and cash balances at year end comprise:		
Current account	10,158	21,802
Funds on call	594,302	212,686
Petty cash	1,434	1,290
	<u>605,894</u>	<u>235,778</u>

5. Taxation

In terms of section 10(1)(cN) of the Income Tax Act, the association is exempt from Income Tax.

THE PEACE AGENCY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2015

	2015 R	2014 R
6. Notes to the cash flow statement		
6.1 Reconciliation of net profit before taxation to cashflows from operations		
Net profit before taxation	433,203	152,022
Adjustments for :		
Depreciation	2,599	2,129
Interest received	(16,279)	(5,406)
Operating profit before working capital changes	<u>419,523</u>	<u>148,745</u>
Working capital changes		
Increase in trade receivables	(54,262)	(25,084)
Decrease in trade and other payables	-	(2,000)
Cash generated from operations	<u><u>365,261</u></u>	<u><u>121,661</u></u>

6.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Bank, cash and cash equivalents	605,894	235,778
	<u><u>605,894</u></u>	<u><u>235,778</u></u>

7. Capital commitments

Contracted commitments
Hammarsdale Baby House

100,000	-
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The Peace Agency was provided with funding for the sole purpose of erecting a baby house in rural Hammarsdale to provide basic services to infants in need.