

**THE PEACE AGENCY**  
**(Non-Profit Organisation No. NPO 088/756)**  
**ANNUAL FINANCIAL STATEMENTS**  
**As at 28 February 2016**

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## **THE PEACE AGENCY**

### **STATEMENT OF TRUSTEES' RESPONSIBILITY** **for the year ended 28 February 2016**

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The Trustees are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The reviewers are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practices.

The Trustees are also responsible for the Entity's system of internal financial controls. These are 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 the 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 system has occurred during the year under review.

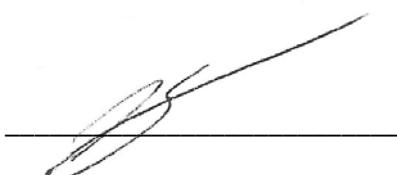
The financial statements have been prepared on the going-concern basis, since the Trustees have every reason to believe that the Entity has adequate resources in place to continue in operation for the foreseeable future.

#### **APPROVAL OF ANNUAL FINANCIAL STATEMENTS**

The annual financial statements set out on pages 9 to 18 were approved by the Board of Trustees on 12 August 2016 are signed on its behalf by :



Cathrine Foxton  
Chairman



Kevin Meredith  
Vice Chairman

# **THE PEACE AGENCY**

## **CORPORATE GOVERNANCE STATEMENT**

**for the year ended 28 February 2016**

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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 commitment 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 concerns 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.

## **THE PEACE AGENCY**

### **CORPORATE GOVERNANCE STATEMENT**

**for the year ended 28 February 2016**

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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.

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 2016 in relation to the criteria for effective internal control over 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 2016, its system of internal control over financial reporting and over safeguarding of assets against unauthorised acquisition, use or disposition, met those criteria.

#### **Ethical Standards**

The Entity has a culture of the highest standards of behaviour and professionalism. This culture requires that all Entity personnel 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.

## **THE PEACE AGENCY**

### **CORPORATE GOVERNANCE STATEMENT**

**for the year ended 28 February 2016**

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#### **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 Statements of Generally Acceptable Accounting Practice in South Africa. 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 surplus for the period;
- Cash flows for the period; and
- Non-financial information.

We have considered the independence of the Accounting Officer and have concluded that their independence is not impaired in any way.

The accounting officer 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 reviewers during their review are valid and appropriate.

The Accounting officer provides an independent assessment of systems of internal financial control to the extent necessary for the review, and expresses an independent opinion on whether the financial statements are fairly presented. The external review function offers reasonable, but not absolute assurance as to the accuracy of financial disclosures.

## **THE PEACE AGENCY**

### **REPORT OF THE ACCOUNTING OFFICER**

**for the year ended 28 February 2016**

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We have performed the duties of accounting officer to THE PEACE AGENCY for the year ended 28 February 2016 as required. The annual financial statements set out on pages 9 to 18 are the responsibility of the trustees. No audit is required by the Act to be carried out and no audit was conducted.

Accordingly, we do not imply or express an opinion or any other form of assurance on the annual financial statements.

We have determined that the annual financial statements are in agreement with the accounting records, summarised in the manner required by section 58 (2) (d) of the Act, and have done so by adopting such procedures and conducting such enquiries in relation to the accounting records as we considered necessary in the circumstances.

We have also reviewed the accounting policies, which have been presented to us as having been applied in the preparation of the annual financial statements and we consider that they are appropriate to the operations.



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Cindy Houston

Chartered Accountant (SA) (08076362)

10 August 2016

54 Herrwood Drive  
Umhlanga  
4320

# **THE PEACE AGENCY**

## **REPORT OF THE TRUSTEES**

**for the year ended 28 February 2016**

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The Trustees present their annual report, which forms part of the reviewed financial statements of the Entity for the year ended 28 February 2016.

### **1. General review**

The Peace Agency runs projects which promote social justice and cohesion and create a climate of peace in South Africa.

Registered as a not for profit organization, THE PEACE AGENCY is the official umbrella NGO for three key projects; national media campaign “Stop Crime Say Hello”, a place of safety for abandoned or orphaned babies called “The Baby Homes” and a child and youth mentorship programme called “Bright Stars”. We also have a partnership with SUBZ Pads (Project Dignity), to provide free, reusable sanitary packs to school girls.

Together, these projects create awareness and promote citizen participation, encouraging South Africans to move from armchair critics to co-architects of a better South Africa for all.

Contact details:

Tel: 032 940 0434

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Website: <http://www.peaceagency.org.za/>

### **2. Financial results**

Full details of the financial results are set out on pages 9 to 18 in the attached financial statements.

# **THE PEACE AGENCY**

## **REPORT OF THE TRUSTEES**

**for the year ended 28 February 2016**

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### **3. Trustees**

The following served as Trustees during the current year:

Cathrine Foxton - Chairman

Kevin Meredith - Vice Chairman

Cindy Houston - Treasurer

Nicola Nightingale - Secretary

Ruth dos Santos – Vice Secretary

### **4. Material events after year end**

There were no material events after year end.

### **5. Accounting Officer**

Cindy Houston will continue in office.

# THE PEACE AGENCY

## STATEMENT OF FINANCIAL POSITION

as at 28 February 2016

	Notes	2016 R	2015 R
<b>ASSETS</b>			
Non-Current Assets			
Property, plant and equipment	2	13,874	17,434
		13,874	17,434
Current Assets			
Other receivables	3	424,557	707,005
Cash and cash equivalents	4	100,400	101,111
		324,157	605,894
<b>TOTAL ASSETS</b>		<b>438,432</b>	<b>724,439</b>
<b>EQUITY AND LIABILITIES</b>			
Equity			
Accumulated funds		395,327	724,348
		395,327	724,348
Current Liabilities			
Other liabilities	5	43,106	-
		43,106	
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>438,432</b>	<b>724,348</b>

## THE PEACE AGENCY

### STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2016

	Notes	2016 R	2015 R
<b>Revenue</b>	<b>6</b>	<b>1,301,364</b>	<b>1,641,993</b>
100 Club		58,650	60,375
Adoption 101 income		-	3,265
Adopt a Cot		37,000	38,000
Baby House income: La Lucia		143,222	213,431
Baby House income: Malvern		-	10,000
Bright Stars Income		430,864	319,722
Child Grants		15,000	43,648
Commission - LLBH		4,136	
Development Fund		5,500	
Fundraising income		32,953	64,121
General donations received		278,686	326,531
Goods donated		52,581	126,495
Hammersdale development funding		-	100,000
Project Dignity		71,120	63,045
Project Justice		60	14,220
Restricted donations received		170,513	258,750
Sales revenue		1,080	390
<b>Other Income</b>		<b>23,054</b>	<b>16,279</b>
Interest received		23,054	16,279
<b>Total Income</b>		<b>1,324,418</b>	<b>1,658,272</b>

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2016

	Notes	2016 R	2015 R
<b>Operating Expenses</b>		1,653,439	1,225,069
Accounting Fees		156,515	124,877
Adoption 101 expenses		-	3,191
Baby Home Durban North running costs		36,645	
Baby Home Hammersdale running costs		161,456	3,880
Baby Home La Lucia running costs		108,323	205,988
Baby Home Malvern running costs		-	18,605
Bank charges		23,207	15,935
Bright Stars expenses		470,452	265,068
Communication costs		21,735	18,857
Computer Expenses		27,162	12,923
Conferences and events		1,659	5,023
Depreciation		3,469	2,599
Donations		2,129	10,537
Employee Costs		329,092	311,986
Marketing expenses		138,315	147,730
Printing and Stationery		13,293	6,907
Project Dignity expenses		93,920	
Project Justice expenses		14,220	
Rent		26,400	24,400
Repairs and Maintenance		4,703	2,610
Soul of Africa expenses		-	2,268
Training		-	6,715
Travel and Entertainment		12,563	28,670
Utilities		8,180	6,300
<b>Surplus</b>	<b>7</b>	<b>(329,021)</b>	<b>433,203</b>

## **THE PEACE AGENCY**

### **STATEMENT OF CHANGES IN EQUITY**

for the year ended 28 February 2016

	<b>Accumulated funds</b>	<b>Total Equity</b>
	R	R
<b>Balance at 28 February 2014</b>	291,145	291,145
Surplus for the year	433,203	433,203
<b>Balance at 28 February 2015</b>	<hr/> 724,348	<hr/> 724,348
Deficit for the year	(329,021)	(329,021)
<b>Balance at 28 February 2016</b>	<hr/> <hr/> 395,327	<hr/> <hr/> 395,327

## THE PEACE AGENCY

### CASH FLOW STATEMENT

for the year ended 28 February 2016

	Notes	2016 R	2015 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net cash flows from operating activities</b>		(281,737)	381,540
Cash generated from operations	8	(304,791)	365,261
Interest income		23,054	16,279
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net cash flows from financing activities</b>		-	(11,424)
Property, plant and equipment acquired		-	(11,424)
<b>Net increase in cash and cash equivalents</b>		(281,737)	370,116
Cash and cash equivalents at the beginning of the year		605,894	235,778
<b>Cash and cash equivalents at the end of the year</b>	6	<u>324,157</u>	<u>605,894</u>

# **THE PEACE AGENCY**

## **NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 28 February 2016**

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### **1. Basis for preparation**

The financial statements are prepared on the historical cost basis modified by the revaluation of financial assets and financial liabilities. These annual financial statements comply with South African Statements of Generally Accepted Accounting Practice. The following are the principal accounting policies used by the Entity.

#### **1.1 Property, plant and equipment**

All property, plant and equipment are recognised at cost. Cost includes all costs directly attributed to bring the assets to working condition for their intended use.

Depreciation is calculated on the reducing balance method with a depreciation rate of 20% per annum. Land is not depreciated as it is deemed to have an indefinite life.

#### **1.2 Investments**

Quoted investments are stated at the market value at year end. Revaluation surpluses are taken to the statement of changes in equity. Other investments are stated at cost and are written down only where there is impairment. Dividends are brought to account as at the last day of registration in respect of listed shares, and when declared in respect of unlisted shares.

On the disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

#### **1.3 Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and investments in money market instruments.

## **THE PEACE AGENCY**

### **NOTES TO THE FINANCIAL STATEMENTS**

**for the year ended 28 February 2016**

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#### **1.4 Provisions**

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

#### **1.5 Revenue recognition**

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. Unexpended funds are carried forward to subsequent periods. Other income is recognised upon delivery of products and customer acceptance, if any, or performance of services, net of value added tax and discounts.

#### **1.6 Financial instruments**

Investments in financial assets are initially recognised at cost. Subsequently, financial assets are re-measured at fair value, except fixed maturity investments, such as debt and loans. Financial liabilities are recognised at the original debt less principal repayments and amortisations, except for trade creditors, which are re-measured at fair value.

# **THE PEACE AGENCY**

## **NOTES TO THE FINANCIAL STATEMENTS** **for the year ended 28 February 2016**

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### **1.7 Financial risk management**

#### *Financial Risk Factors*

The Entity's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Entity's financial performance. The Entity uses derivative financial instruments to cover certain risk exposures.

Risk management is carried out by management under guidelines issued by the board of Trustees.

#### i) Market risk

##### a) Foreign exchange risk

The Entity receives donations from international donors and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Entity's functional currency. Managements' policy is to convert all foreign exchange received at spot as soon as it is received.

##### b) Cash flow interest rate risk

As the Entity has significant interest-bearing assets, the Entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The Entity's interest rate risk arises from investments. These investments earn interest at variable rates and this exposes the Entity to cash flow interest rate risk.

#### ii) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only major commercial banks are used.

Management has a credit policy in place and monitor the exposure to credit risk.

#### iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.

# THE PEACE AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2016

### 2. Property, plant and equipment

	2016			2015		
	Cost	Acc Depr	Carrying Value	Cost	Acc Depr	Carrying Value
Computer Equipment	18,964	(12,656)	6,308	18,964	(11,079)	7,885
Furniture and Fittings	11,934	(4,368)	7,566	11,934	(2,476)	9,458
	<b>30,898</b>	<b>(17,024)</b>	<b>13,874</b>	<b>30,898</b>	<b>(13,555)</b>	<b>17,343</b>

The carrying amounts for 2016 can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
Computer Equipment	7,885			(1,577)	6,308
Furniture and Fittings	9,458			(1,892)	7,566
	<b>17,343</b>			<b>(3,469)</b>	<b>13,874</b>

### 3. Other receivables

These include:

	2016	2015
	R	R
Gift vouchers	-	12,211
Staff Loans	17,000	18,000
Donations receivable	83,400	70,900
	<b>100,400</b>	<b>101,111</b>

### 4. Cash and cash equivalents

Current Account	3,648	10,158
Funds on Call	308,665	594,302
Cash on Hand	11,844	1,434
	<b>324,157</b>	<b>605,894</b>

	2016	2015
	R	R
<b>5. Other liabilities</b>		
These include:		
Staff Investments	7,200	-
La Lucia Holding Account	13,049	-
Bonus Provision	17,605	-
Accrued Expenses	5,252	-
	<b>43,106</b>	-

## 6. Revenue

Revenue consists of grants receivable from donors, services rendered, investment income and donations. When significant, bequests are separately disclosed. Restricted donations are accounted for separately.

## 7. Taxation

No taxation is payable as the organisation is exempt from income tax in terms of Section 10(1)(cN) of the Income Tax Act.

	2016	2015
	R	R
<b>8. Notes to the Cash Flow Statement</b>		
<b>8.1 Cash generated from operations</b>		
Reconciliation of cash generated from operations:		
Net Surplus	(329,021)	433,203
Adjustments for:		
Depreciation	3,469	2,599
Interest received	(23,054)	(16,279)
Operating profit	<hr/> (348,606)	<hr/> 419,523
Working Capital Changes:		
Decrease/(Increase) in receivables	711	(54,262)
Increase in payables	43,106	-
Cash generated from operations	<hr/> (304,789)	<hr/> 365,261