

**THE PEACE AGENCY**  
**(Non-Profit Organisation No. NPO 088/756)**

**ANNUAL FINANCIAL STATEMENTS**

**As at 28 February 2018**

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## **THE PEACE AGENCY**

### **STATEMENT OF TRUSTEES' RESPONSIBILITY**

**for the year ended 28 February 2018**

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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 18 November 2018 are signed on its behalf by:



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Cathrine Foxton  
Chairman



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Kevin Meredith  
Vice Chairman

## **THE PEACE AGENCY**

### **CORPORATE GOVERNANCE STATEMENT**

**for the year ended 28 February 2018**

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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 2018**

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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 2017 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 2017, 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 2018**

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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 2017

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We have performed the duties of accounting officer to THE PEACE AGENCY for the year ended 28 February 2018 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)

18 November 2018

169 Ridge Road  
Umhlanga  
4320

# **THE PEACE AGENCY**

## **REPORT OF THE TRUSTEES**

**for the year ended 28 February 2018**

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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 2018.

### **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 two key projects; a place of safety for abandoned or orphaned babies called “The Baby Home” and a creche called the “Hammarisdale Child Care Centre”. 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:

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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 2018**

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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

Akhona Ngcobo – 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 2018

	Notes	2018 R	2017 R
<b>ASSETS</b>			
Non-Current Assets		23,256	27,806
Property, plant and equipment	2	23,256	27,806
Current Assets		995,902	924,247
Other receivables	3	26,000	10,386
Inventory		3,871	
Cash and cash equivalents	4	966,030	913,860
<b>TOTAL ASSETS</b>		<b>1,019,159</b>	<b>952,053</b>
<b>EQUITY AND LIABILITIES</b>			
Equity		999,991	941,201
Accumulated funds		999,991	941,201
Current Liabilities		19,168	10,852
Other liabilities	5	19,168	10,852
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,019,159</b>	<b>952,053</b>

# THE PEACE AGENCY

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2018

	Notes	2018 R	2017 R
<b>Revenue</b>	<b>6</b>	<b>1,873,397</b>	<b>2,268,121</b>
100 Club		113,780	65,800
Adopt a Cot		26,000	36,000
Allan Gray Return on Investment		66,136	16,170
Baby House income: La Lucia		-	-
Bright Stars Income		19,950	566,057
Child Grants		15,000	-
Commission - LLBH		732	1,764
Development Fund		11,155	190,195
Dlulisa		160,657.20	
Fundraising income		176,852	78,868
General donations received		726,535	832,252
Goods donated		113,296	127,176
Hammarisdale Centre income		24,080	5,730
Project Avo		-	600
Project Dignity		9,400	49,898
Project Justice		-	-
Restricted donations received		409,645	297,252
Sales revenue		180	360
<b>Other Income</b>		<b>9,726</b>	<b>16,187</b>
Interest received		9,726	16,187
<b>Total Income</b>		<b>1,883,123</b>	<b>2,284,308</b>

## STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2018

<b>Operating Expenses</b>	1,824,333	1,738,433
Accounting Fees	184,891	102,500
Advertising	-	1,500
Baby Home Durban North running costs	203,719	167,016
Bank charges	25,460	22,094
Bright Stars expenses	81,107	318,987
Communication costs	29,641	32,616
Computer Expenses	53,740	111,025
Conferences and events	1,521	5,361
Depreciation	6,249	3,566
Dlulisa expenses	131,740	
Donations	8,733	4,361
Employee Costs	518,243	380,612
Fundraising expenses	98,224	18,937
Goods used	113,296	109,678
Hammarsdale Centre	122,818	186,676
Insurance	-413	
Loss on investment	3,892	53,964
Marketing expenses	98,080	90,105
NACSA	9,095	
Printing and Stationery	4,461	7,071
Project Avo expenses	25,066	2,500
Project Dignity expenses	38,133	62,966
Rent	34,200	26,400
Repairs and Maintenance	9,155	600
Subscriptions	550	
Training	2,864	994
Travel and Entertainment	14,868	19,785
Utilities	5,000	9,120
<b>Surplus/(Deficit)</b>	<b>7</b>	<b>545,875</b>

## THE PEACE AGENCY

### STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2018

	Accumulated funds	Total Equity
	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>	724,347	724,347
Deficit for the year	(329,021)	(329,021)
<b>Balance at 28 February 2016</b>	395,326	395,326
Surplus for the year	545,875	545,875
<b>Balance at 28 February 2017</b>	941,200	941,200
Surplus for the year	58,791	58,791
<b>Balance at 28 February 2018</b>	999,991	999,991

# THE PEACE AGENCY

## CASH FLOW STATEMENT

for the year ended 28 February 2018

	Notes	2018	2017 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Net cash flows from operating activities</b>		61,369	599,702
Cash generated from operations	8	51,643	583,515
Interest income		9,726	16,187
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net cash flows from financing activities</b>		(9,200)	(9,998)
Property, plant and equipment acquired		(9,200)	(9,998)
<b>Net increase in cash and cash equivalents</b>		52,169	589,704
Cash and cash equivalents at the beginning of the year		913,861	324,157
<b>Cash and cash equivalents at the end of the year</b>	6	966,030	913,861

# THE PEACE AGENCY

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2018

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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 2018**

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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 2018

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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 2018

#### 2. Property, plant and equipment

	2018			2017		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
Computer Equipment	27,462	-17,080	10,382	27,462	-14,484	12,977
Furniture and Fittings	22,634	-9,759	12,874	13,434	-6,106	7,327
	<b>50,096</b>	<b>-26,839</b>	<b>23,256</b>	<b>40,896</b>	<b>-20,591</b>	<b>20,305</b>

The carrying amounts for 2018 can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
Computer Equipment	12,977	-	-	-2,595	10,382
Furniture and Fittings	7,327	9,200	-	-3,653	12,874
	<b>20,305</b>	<b>9,200</b>		<b>-6,249</b>	<b>23,256</b>

2018

R

2017

R

#### 3. Other receivables

These include:

Staff Loans	1 000	10 386
Donations receivable	25 000	
	<b>26 000</b>	<b>10 386</b>

#### 4. Cash and cash equivalents

Current Account	87 671	3 644
Allan Gray Investment	654 450	726 207
Funds on Call	216 636	178 995
Cash on Hand	7 272	5 015
	<b>966 030</b>	<b>913 860</b>

	<b>2018</b>	<b>2017</b>
	<b>R</b>	<b>R</b>
<b>5. Other liabilities</b>		
These include:		
Staff Investments	3 400	3 800
La Lucia Holding Account	480	1 250
Accrued Expenses		5 802
	<b>3 880</b>	<b>10 852</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.

	<b>2018</b>	<b>2017</b>
	<b>R</b>	<b>R</b>
<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	58 791	545 875
Adjustments for:		
Depreciation	6 249	3 566
Goods donated	7 500	-7 499
Interest received	-9 726	-16 187
	<b>62 813</b>	<b>525 755</b>
Working Capital Changes:		
Decrease/(Increase) in receivables	-15 614	90 014
Decrease/(Increase) in inventories	-3 871	
Increase in payables	8 316	-32 253
Cash generated from operations	<b>51 643</b>	<b>583 515</b>