

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

ANNUAL FINANCIAL STATEMENTS

As at 28 February 2019

The following reports and statements are presented:

STATEMENT OF TRUSTEES' RESPONSIBILITY	2
CORPORATE GOVERNANCE STATEMENT	3
REPORT OF THE ACCOUNTING OFFICER	6
REPORT OF THE TRUSTEES	7
STATEMENT OF FINANCIAL POSITION	9
STATEMENT OF COMPREHENSIVE INCOME	10
STATEMENT OF CHANGES IN EQUITY	12
CASH FLOW STATEMENT	13
NOTES TO THE FINANCIAL STATEMENTS	14

THE PEACE AGENCY

STATEMENT OF TRUSTEES' RESPONSIBILITY

for the year ended 28 February 2019

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 5 October 2019 and signed on its behalf by :



Cathrine Foxton
Chairman



Kevin Meredith
Vice Chairman

THE PEACE AGENCY

CORPORATE GOVERNANCE STATEMENT

for the year ended 28 February 2019

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 2019

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 2019, 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 2019

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 2019

We have performed the duties of accounting officer to THE PEACE AGENCY for the year ended 28 February 2019 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.



Cindy Houston

Chartered Accountant (SA) (08076362)

5 October 2019

38 Oakleigh Avenue
La Lucia
4051

THE PEACE AGENCY

REPORT OF THE TRUSTEES

for the year ended 28 February 2019

The Trustees present their annual report, which forms part of the reviewed financial statements of the Entity for the year ended 28 February 2019.

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

Email: cathy@peaceagency.org.za

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 2019

3. Trustees

The following served as Trustees during the current year:

Cathrine Foxtton - 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.

6. Special Thanks

The Peace Agency would like to thank the following organisations and individuals for their support during this financial year:

Agape Trust
Continental Cables & Kagesi Electrical
Ishwar & Laila Foundation
Luis Cheneviz
Mike Lewis
North Coast Baptist Church
Rivers Foundation
Sabre Slitting
Seaboard Corporation
The Isaf Family Foundation

THE PEACE AGENCY

STATEMENT OF FINANCIAL POSITION

as at 28 February 2019

	Notes	2019 R	2018 R
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	142,310	13,874
		142,310	23,256
Current Assets			
Other receivables	3	902,694	995,902
Inventory		19,000	26,000
Cash and cash equivalents	4	3,871	3,871
		879,823	966,030
TOTAL ASSETS		1,045,003	1,019,159
EQUITY AND LIABILITIES			
Equity			
Accumulated funds		1,036,637	999,991
		1,036,637	999,991
Current Liabilities			
Other liabilities	5	8,366	19,168
		8,366	19,168
TOTAL EQUITY AND LIABILITIES		1,045,003	1,019,159

THE PEACE AGENCY

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2019

	Notes	2019 R	2018 R
Revenue	6	2,035,554	1,873,398
100 Club		121,670	113,780
Adopt a Cot		12,000	26,000
Allan Gray Return on Investment		16,646	66,136
Bright Stars Income		11,100	19,950
Child Grants		26,878	15,000
Commission - LLBH		480	732
Development Fund		119,591	11,155
Dlulisa		-	160,657
Fundraising income		184,903	176,852
General donations received		508,846	726,535
Goods donated		160,157	113,296
Hammarsdale Centre income		31,169	24,080
Project Dignity		10,300	9,400
Restricted donations received		831,813	409,645
Sales revenue		-	180
Other Income		19,489	9,726
Discounts received		5,040	
Interest received		14,449	9,726
Total Income		2,055,042	1,883,124

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2019

	Notes	2019 R	2018 R
Operating Expenses		2,018,396	1,824,333
Accounting Fees		211,835	184,891
Baby Home Durban North running costs		342,559	203,719
Bank charges		23,537	25,460
Bright Stars expenses		6,832	81,107
Communication costs		23,255	29,641
Computer Expenses		67,849	53,740
Conferences and events		2,190	1,521
Depreciation		6,406	6,249
Donations		6,953	8,733
Dlulisa expenses		-	131,740
Employee Costs		640,797	518,243
Fundraising expenses		190,048	98,224
Goods used		143,517	113,296
Hammarsdale Centre		145,580	122,818
Insurance		-	-413
Kangaroo parents		246	-
Loss on investment		28,434	3,892
Marketing expenses		99,012	98,080
NACSA Sponsorship		400	9,095
Printing and Stationery		4,493	4,461
Project Avo expenses		-	25,066
Project Dignity expenses		5,016	38,133
Rent		42,525	34,200
Repairs and Maintenance		4,158	9,155
Subscriptions		-	550
Training		1,205	2,864
Travel and Entertainment		20,897	14,868
Utilities		650	5,000
Surplus/(Deficit)	7	36,646	58,791

THE PEACE AGENCY

STATEMENT OF CHANGES IN EQUITY

for the year ended 28 February 2019

	Accumulated funds	Total Equity
	R	R
Balance at 28 February 2014	291,145	291,145
Surplus for the year	433,203	433,203
Balance at 28 February 2015	724,348	724,348
Deficit for the year	(329,021)	(329,021)
Balance at 28 February 2016	395,327	395,327
Surplus for the year	545,875	545,875
Balance at 28 February 2017	941,200	941,200
Surplus for the year	58,791	58,791
Balance at 28 February 2018	999,991	999,991
Surplus for the year	36,646	36,646
Balance at 28 February 2019	<u>1,036,637</u>	<u>1,036,637</u>

THE PEACE AGENCY

CASH FLOW STATEMENT

for the year ended 28 February 2019

	Notes	2019 R	2018 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from operating activities			
		26,537	61,369
Cash generated from operations	8	12,088	51,643
Interest income		14,449	9,726
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash flows from financing activities			
		(112,744)	(9,200)
Property, plant and equipment acquired		(112,744)	(9,200)
Net increase in cash and cash equivalents			
		(86,207)	52,169
Cash and cash equivalents at the beginning of the year		966,030	913,861
Cash and cash equivalents at the end of the year	6	879,823	966,030

THE PEACE AGENCY

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2019

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 2019

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 2019

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 2019

2. Property, plant and equipment

	2019			2018		
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
Property improvements	107,910		107,910			
Computer Equipment	45,010	(20,910)	24,100	27,462	(17,080)	10,382
Furniture and Fittings	22,634	(12,334)	10,300	22,634	(9,759)	12,874
	175,554	(33,244)	142,310	50,096	(26,839)	23,256

The carrying amounts for 2019 can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
Property improvements	-	107,910		-	107,910
Computer Equipment	10,382	17,548		-3,831	24,099
Furniture and Fittings	12,874			-2,575	10,299
	23,256	125,458	-	-6,406	142,308

2019

R

2018

R

3. Other receivables

These include:

Staff Loans	19 000	1 000
Donations receivable	-	25 000
	<u>19 000</u>	<u>26 000</u>

4. Cash and cash equivalents

These include:

Current Account	20,536	87 671
Allan Gray Investment	400,662	654 450
Funds on Call	458,089	216 636
Cash on Hand	535	7 272
	<u>879,823</u>	<u>966 030</u>

	2019	2018
	R	R
5. Other liabilities		
These include:		
Staff Investments	3 400	3 400
La Lucia Holding Account	300	480
Accrued Expenses	4 000	
Checkers Credit Card	666	
	<u>8 366</u>	<u>3 880</u>

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.

	2019	2018
	R	R
8. Notes to the Cash Flow Statement		
8.1 Cash generated from operations		
Reconciliation of cash generated from operations:		
Net Surplus	36,646	58,791
Adjustments for:		
Depreciation	6,406	6,249
Goods donated	(12,714)	7,500
Interest received	(14,449)	(9,726)
	15,890	62,814
Working Capital Changes:		
Decrease/(Increase) in receivables	7,000	(15,614)
Decrease/(Increase) in inventories	-	(3,871)
(Decrease)/Increase in payables	(10,802)	8,316
Cash generated from operations	12,088	51,645