

Xstitch

**(Registration Number 175-982 NPO)
Annual Financial Statements
for the year ended 28 February 2018**

Compiled Financial Statements

In compliance with Non-profit organisations Act of South Africa

Xstitch

(Registration Number 175-982 NPO)

Annual Financial Statements for the year ended 28 February 2018

Index

General Information	2
Members' Responsibilities and Approval	3 - 4
Report of the Accounting Officer	5
Members' Report	6 - 7
Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Accounting Policies	12 - 13
Notes to the Financial Statements	14
Supplementary information: Detailed Income Statement	15

Xstitch

(Registration Number 175-982 NPO)

Annual Financial Statements for the year ended 28 February 2018

General Information

Country of Incorporation and Domicile	South Africa
Registration Number	175-982 NPO
Nature of Business and Principal Activities	Community empowerment activities
Members	DE Hiebner (Chairperson) C Petersen (Vice Chairperson) E Michaels (Treasurer) M van Rensburg (Secretary) E Chetty (Board Member) M Manuel (Board Member)
Business Address	18 Cyprus Road Wetton 7780
Bankers	First National Bank
Level of Assurance	These financial statements have been reported on in compliance with the applicable requirements of the Non-profit organisations Act of South Africa.
Preparer	LBH Chartered Accountants

Xstitch

(Registration Number 175-982 NPO)

Annual Financial Statements for the year ended 28 February 2018

Members' Responsibilities and Approval

The members are required by the Non-profit organisations Act of South Africa 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 their responsibility to ensure that the annual financial statements satisfy the financial reporting standards with regards form and content and present fairly the statement of financial position, results of operations and business of the non-profit organisation, and explain the transactions and financial position of the business of the non-profit organisation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the non-profit organisation and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the non-profit organisation and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the members set 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 non-profit organisation and all employees are required to maintain the highest ethical standards in ensuring the non-profit organisation's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the non-profit organisation is on identifying, assessing, managing and monitoring all known forms of risk across the non-profit organisation. While operating risk cannot be fully eliminated, the non-profit organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the members have no reason to believe that the non-profit organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the non-profit organisation.

The annual financial statements set out on pages 8 to 14 were approved by the members on 24 October 2018 and were signed on their behalf by:

The accounting officers are responsible for reporting on the non-profit organisation's annual financial statements. The annual financial statements have been examined by the non-profit organisation's external accounting officers and their report is presented on page 5.

The annual financial statements set out on pages 8 to 14 and the detailed income statement set out on page 15 which have been prepared on the going concern basis, were approved by the members and were signed on 24 October 2018 on the non-profit organisation's behalf by:



DE Hiebner (Chairperson)



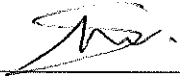
C Petersen (Vice
Chairperson)

Xstitch

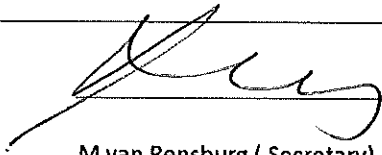
(Registration Number 175-982 NPO)

Annual Financial Statements for the year ended 28 February 2018

Members' Responsibilities and Approval



E Michaels (Treasurer)



M van Rensburg (Secretary)



E Chetty (Board Member)



M Manuel (Board Member)

Report of the Accounting Officer

Report of the accounting officer to Xstitch

We have performed the duties of accounting officer to Xstitch as required by Section 62 of the Close Corporations Act, 1984. The annual financial statements set out on pages 8 to 14 are the responsibility of the Member. No audit or review is required to be carried out by the Act and no audit or review was conducted. Accordingly, we do not imply or express an opinion or any other form of assurance on the annual financial statements.

Compilation engagement

In addition to our duties as accounting officer and on the basis of information provided by the Member, we have compiled, in accordance with the International Standards on Related Services (ISRS 4410 (Revised)) applicable to compilation engagements, the annual financial statements set out on pages 8 to 14 for the year ended 28 February 2018. These annual financial statements comprise the statement of financial position as at 28 February 2018 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information and the members' report.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Close Corporations Act of South Africa. We have complied with the ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These annual financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since 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 annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Duties of accounting officer

We report, as required in terms of section 62(1) of the Close Corporations Act of South Africa, having performed such procedures and conducted such enquiries in relation to the accounting records as we considered necessary in the circumstances, 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
- the accounting policies presented to us as having been applied in the preparation of the annual financial statements are appropriate to the business as per the reasons set out below.

LBH Chartered Accountants

24 October 2018


HM Jemane CA (SA)

Xstitch

(Registration Number 175-982 NPO)

Annual Financial Statements for the year ended 28 February 2018

Members' Report

The members present their report for the year ended 28 February 2018.

1. Review of financial results and activities

Main business and operations

The principal activity of the non-profit organisation is community empowerment activities. There were no major changes herein during the year.

The non-profit organisation generated a deficit after tax for the year ended 28 February 2018 of R 37,233 (2017: surplus of R 18,267).

Non-Profit Organisation revenue increased from R 74,951 in the prior year to R 117,126 for the year ended 28 February 2018.

Non-Profit Organisation cash flows from operating activities changed from an inflow of R 18,611 in the prior year to an outflow of R 13,657 for the year ended 28 February 2018.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The members draw attention to the statement of changes in equity in the annual financial statements which indicates that the non-profit organisation incurred a net deficit of R 37,233 during the year ended 28 February 2018, and as of that date, the non-profit organisation's total liabilities exceeded its total assets by R 18,966. These conditions indicate the existence of uncertainty which may cast doubt about the non-profit organisation's ability to continue as a going concern.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The members are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the non-profit organisation.

4. Borrowing limitations

In terms of the Memorandum of Incorporation of the non-profit organisation, the members may exercise all the powers of the non-profit organisation to borrow money, as they consider appropriate.

5. Donation

No donation was declared or paid to the member during the year.

6. Members

Xstitch

(Registration Number 175-982 NPO)

Annual Financial Statements for the year ended 28 February 2018

Members' Report

The members of the non-profit organisation during the year and up to the date of this report are as follows:

DE Hiebner (Chairperson)

C Petersen (Vice Chairperson)

E Michaels (Treasurer)

M van Rensburg (Secretary)

E Chetty (Board Member)

M Manuel (Board Member)

7. Member

There have been no changes in ownership during the current financial year.

The member and his interest at the end of the year is:

8. Accounting Officers

LBH Chartered Accountants were the accounting officers for the year under review.

Xstitch

(Registration Number 175-982 NPO)

Financial Statements for the year ended 28 February 2018

Statement of Financial Position

Figures in R

	Notes	2018	2017
Assets			
Non-current assets			
Property, plant and equipment	3	4,097	6,771
Total non-current assets		4,097	6,771
Current assets			
Inventories	3	175,492	138,043
Cash and cash equivalents	4	4,954	18,611
Total current assets		180,446	156,654
Total assets		184,543	163,425
Equity and liabilities			
Equity			
(Accumulated deficit) / accumulated surplus		(18,966)	18,267
Liabilities			
Current liabilities			
Trade and other payables		203,509	145,158
Total liabilities		203,509	145,158
Total equity and liabilities		184,543	163,425

Xstitch

(Registration Number 175-982 NPO)

Financial Statements for the year ended 28 February 2018

Statement of Comprehensive Income

Figures in R

	2018	2017
Revenue	117,126	74,951
Cost of sales	7,498	(30,200)
Gross surplus	124,624	44,751
Other income	1,010	2,455
Administrative expenses	(6,995)	(6,132)
Other expenses	(155,872)	(22,807)
(Deficit) / surplus from operating activities	(37,233)	18,267
(Deficit) / surplus for the year	(37,233)	18,267

Xstitch

(Registration Number 175-982 NPO)

Financial Statements for the year ended 28 February 2018

Statement of Changes in Equity

Figures in R	(Accumulated deficit) / accumulated surplus	Total
Changes in equity		
Surplus for the year	18,267	18,267
Total comprehensive income	<u>18,267</u>	<u>18,267</u>
Balance at 28 February 2017	<u>18,267</u>	<u>18,267</u>
Balance at 1 March 2017	18,267	18,267
Changes in equity		
Deficit for the year	(37,233)	(37,233)
Total comprehensive income	<u>(37,233)</u>	<u>(37,233)</u>
Balance at 28 February 2018	<u>(18,966)</u>	<u>(18,966)</u>

Xstitch

(Registration Number 175-982 NPO)

Financial Statements for the year ended 28 February 2018

Statement of Cash Flows

Figures in R	Note	2018	2017
Cash flows from / (used in) operations			
(Deficit) / surplus for the year		(37,233)	18,267
Adjustments to reconcile (deficit) / surplus			
Adjustments for increase in inventories		(37,449)	(138,043)
Adjustments for increase in trade accounts payable		58,351	145,158
Adjustments for depreciation and amortisation expense		2,674	1,260
Total adjustments to reconcile (deficit) / surplus		<u>23,576</u>	<u>8,375</u>
Net cash flows (used in) / from operations		<u>(13,657)</u>	<u>26,642</u>
Cash flows used in investing activities			
Increase in non current assets		-	(8,031)
Cash flows used in investing activities		<u>-</u>	<u>(8,031)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(13,657)</u>	<u>18,611</u>
Cash and cash equivalents at beginning of the year		18,611	-
Cash and cash equivalents at end of the year	4	<u>4,954</u>	<u>18,611</u>

Xstitch

(Registration Number 175-982 NPO)

Financial Statements for the year ended 28 February 2018

Accounting Policies

1. General information

The non-profit organisation is incorporated as a Non-Profit Organisation and domiciled in South Africa. The address of its registered office is .

2. Basis of preparation and summary of significant accounting policies

The financial statements of Xstitch have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Non-profit organisations Act of South Africa. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property, certain property, plant and equipment, biological assets and derivative financial instruments at fair value. They are presented in South African Rand.

The preparation of financial statements in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the non-profit organisation's accounting policies.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the members.

The non-profit organisation adds to the carrying amount of an item of property, plant and equipment the cost of replacing parts of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the non-profit organisation. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the period in which they are incurred.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Asset class	Useful life / depreciation
	rate
Computer equipment	3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains / (losses)' in the statement of comprehensive income.

2.2 Tax

The non-profit organisations meet the requirements of a Public Benefit Organisation as set out in section 30(3) of the Income Tax Act No. 58 of 1962 ("the Act") and is thus exempt from income tax in terms of section 10(1)(cN) of the Act.

Xstitch

(Registration Number 175-982 NPO)

Annual Financial Statements for the year ended 28 February 2018

Detailed Income Statement

Figures in R

2018

2017

	2018	2017
Revenue		
Donation income	31,995	9,410
Fundraising launch	28,614	41,601
Crochet items	56,517	22,840
Transport income	-	1,100
Total revenue	117,126	74,951
Cost of sales		
Opening stock	(138,042)	-
Cost of Sales	(29,952)	(168,242)
Closing stock	175,492	138,042
Total cost of sales	7,498	(30,200)
Gross surplus	124,624	44,751
Other income		
Other income	1,010	2,455
Total other income	1,010	2,455
Accounting fees	(2,500)	-
Bank charges	(1,355)	(712)
Telephone and fax	(3,140)	(5,420)
Total administrative expenses	(6,995)	(6,132)
Advertising	(14,081)	(4,687)
Depreciation - property, plant and equipment	(2,674)	(1,260)
Donations	(120,995)	-
Employee expense - salaries	(5,960)	-
Entertainment and meals	(780)	(220)
General expenses	(1,970)	-
Lease rental on operating lease	(1,600)	-
Printing and stationery	(2,992)	(5,759)
Sundry expense	-	(9,462)
Travel - local	(4,820)	(1,419)
Total other expenses	(155,872)	(22,807)
(Deficit) / surplus from operating activities	(37,233)	18,267
(Deficit) / surplus for the year	(37,233)	18,267