

**ST. FRANCIS CARE CENTRE  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2010**



# St. Francis Care Centre

Annual financial statements for the year ended 31 March 2010

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The reports and statements set out below comprise the annual financial statements presented to the Executive Committee:

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Nwanda Incorporated

## **Qualified report of the independent auditors**

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**To the Executive Committee of St. Francis Care Centre**

We have audited the accompanying annual financial statements of St. Francis Care Centre, which comprise the balance sheet as at 31 March 2010, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 14.

### **Executive Committee's responsibility for the financial statements**

The organisation's Executive Committee is responsible for the preparation and fair presentation of these annual financial statements in accordance with generally accepted accounting practice. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Committee, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Qualification**

In common with similar organisations, it is not feasible for the organisation to institute accounting controls over cash collections from donations and fund raising prior to the initial entry of the collections in the accounting records. Accordingly it was impractical for us to extend our examination beyond the receipts actually recorded.

### **Opinion**

In our opinion, except for the effects of such adjustments which might have been necessary had it been possible for us to extend our examination of cash collections from donations and fund raising, the annual financial statements present fairly, in all material aspects, the financial position of the organisation as of 31 March 2010, and of its financial performance and its cash flows for the year then ended in accordance with generally accepted accounting practice.

### **Emphasis of matter**

Without qualifying our opinion, we draw attention to the fact that the improvements to property not owned by the organisation have been treated as fixed assets.

**Chartered Accountants and Registered Auditors (PR No. 952451)**

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Directors: • Brian Neale • Roy Macpherson • Robert Borrell • Monica Isakowitz • Paul Dink

## **Supplementary information**

We draw your attention to the fact that the supplementary information set out on page 15 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

*Nwanda Inc.*

**Nwanda Incorporated  
Chartered Accountants (S.A.)  
Registered Auditors  
Practice number : 952451  
28 May 2010**

**The Chambers  
Cambridge Place Office Park  
Kirkby Road, Bedford Gardens  
Bedfordview**



## St. Francis Care Centre

Annual financial statements for the year ended 31 March 2010

### Executive Committee's responsibilities and approval

The Executive Committee are required 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 fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with generally accepted accounting practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with generally accepted accounting practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Executive Committee acknowledge that they are ultimately responsible for the system of internal financial control established by the organisation and place considerable importance on maintaining a strong control environment. To enable the Executive Committee to meet these responsibilities, they 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the 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 Executive Committee 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 Executive Committee have reviewed the organisation's cash flow forecast for the year to 31 March 2011 and, in the light of this review and the current financial position, they are satisfied that the organisation has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the organisations's annual financial statements. The annual financial statements have been examined by the organisation's external auditors and their report is presented on page 2.

The annual financial statements set out on pages 5 to 15, which have been prepared on the going concern basis, were approved by the Executive Committee on 28 May 2010 and were signed on its behalf by:

  
\_\_\_\_\_  
Chairman of the Executive Committee  
\_\_\_\_\_  
Vice-Chairman of the Executive Committee

# St. Francis Care Centre

Annual financial statements for the year ended 31 March 2010

## Balance sheet

	Note	2010 R	2009 R
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	3,106,842	3,323,509
<b>Current assets</b>			
Trade and other receivables		166,243	223,293
Cash and cash equivalents	3	2,582,586	273,648
		<b>2,748,829</b>	<b>496,941</b>
<b>Total assets</b>		<b>5,855,671</b>	<b>3,820,450</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Capital introduced		8,647	8,647
Capital reserve - buildings	4	425,000	425,000
Accumulated funds		4,387,144	2,409,726
		<b>4,820,791</b>	<b>2,843,373</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Subsidy repayable	5	285,307	-
Trade and other payables		749,573	977,077
		<b>1,034,880</b>	<b>977,077</b>
<b>Total equity and liabilities</b>		<b>5,855,671</b>	<b>3,820,450</b>



## St. Francis Care Centre

Annual financial statements for the year ended 31 March 2010

### Income statement

	Note	2010 R	2009 R
Income	6	12,902,976	8,048,926
Operating expenses		(10,994,405)	(9,113,141)
<b>Operating surplus</b>	7	<b>1,908,571</b>	<b>(1,064,215)</b>
Investment revenue	8	68,847	12,887
<b>Surplus (Deficit) for the year</b>		<b>1,977,418</b>	<b>(1,051,328)</b>



# St. Francis Care Centre

Annual financial statements for the year ended 31 March 2010

## Statement of changes in equity

	Share capital R	Capital reserve - buildings R	Accumulated funds R	Total equity R
<b>Balance at 01 April 2008</b>	<b>8,647</b>	<b>425,000</b>	<b>3,461,054</b>	<b>3,894,701</b>
Changes in equity				
Deficit for the year	-	-	(1,051,328)	(1,051,328)
Total changes	-	-	(1,051,328)	(1,051,328)
<b>Balance at 01 April 2009</b>	<b>8,647</b>	<b>425,000</b>	<b>2,409,726</b>	<b>2,843,373</b>
Changes in equity				
Surplus for the year	-	-	1,977,418	1,977,418
Total changes	-	-	1,977,418	1,977,418
<b>Balance at 31 March 2010</b>	<b>8,647</b>	<b>425,000</b>	<b>4,387,144</b>	<b>4,820,791</b>
Note		4		



**St. Francis Care Centre**

Annual financial statements for the year ended 31 March 2010

**Cash flow statement**

	Note	2010 R	2009 R
<b>Cash flows from operating activities</b>			
Cash generated from (used in) operations	11	2,039,100	(702,401)
Interest income		68,847	12,887
<b>Net cash from operating activities</b>		<b>2,107,947</b>	<b>(689,514)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	2	(84,316)	(151,228)
<b>Cash flows from financing activities</b>			
Increase in subsidies repayable		285,307	-
<b>Net cash from financing activities</b>		<b>285,307</b>	<b>-</b>
<b>Total cash movement for the year</b>		<b>2,308,938</b>	<b>(840,742)</b>
Cash at the beginning of the year		273,648	1,114,390
<b>Total cash at end of the year</b>	3	<b>2,582,586</b>	<b>273,648</b>



# St. Francis Care Centre

Annual financial statements for the year ended 31 March 2010

## Accounting policies

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### 1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with generally accepted accounting practice, and the Companies Act of South Africa, 1973. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

#### 1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

##### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The organisation reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

##### Provisions

Provisions were raised and management determined an estimate based on the information available.



## St. Francis Care Centre

Annual financial statements for the year ended 31 March 2010

### Accounting policies

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#### 1.2 Property, plant and equipment

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows:

Item	Average useful life
Property improvements	20 years
Furniture and fittings	6.67 years
Hospital equipment	6.67 years
Motor vehicles	4 - 5 years
Office equipment	3 years

The residual value, depreciation method and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Improvements to buildings, which are erected on land owned by the Association of the Irish Province of the order of Friars Minor Limited, have been considered a fixed asset.

#### 1.3 Impairment of assets

The organisation assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the organisation estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

#### 1.4 Employee benefits

##### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave and bonuses), are recognised in the period in which the service is rendered.



## **St. Francis Care Centre**

Annual financial statements for the year ended 31 March 2010

### **Accounting policies**

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#### **1.5 Revenue**

Donations, subsidies and other income are recognised when received.

Interest is recognised, in profit or loss, using the effective interest rate method.

#### **1.6 Cash and cash equivalents**

Cash and cash equivalents comprise of current bank accounts, call accounts and petty cash which are all available for use by the organisation unless otherwise stated.



# St. Francis Care Centre

Annual financial statements for the year ended 31 March 2010

## Notes to the annual financial statements

	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Property improvements	4,139,323	(1,216,293)	2,923,030	4,089,685	(1,011,602)	3,078,083
Furniture and fittings	248,712	(183,714)	64,998	251,682	(193,565)	58,117
Motor vehicles	280,795	(184,561)	96,234	280,795	(143,933)	136,862
Office equipment	85,506	(73,502)	12,004	202,936	(167,174)	35,762
Hospital equipment	27,399	(16,823)	10,576	28,447	(13,762)	14,685
<b>Total</b>	<b>4,781,735</b>	<b>(1,674,893)</b>	<b>3,106,842</b>	<b>4,853,545</b>	<b>(1,530,036)</b>	<b>3,323,509</b>

### 2. Property, plant and equipment

#### Reconciliation of property, plant and equipment - 2010

	Opening Balance	Additions	Depreciation	Total
Property improvements	3,078,083	49,638	(204,691)	2,923,030
Furniture and fittings	58,117	34,678	(27,797)	64,998
Motor vehicles	136,862	-	(40,628)	96,234
Office equipment	35,762	-	(23,758)	12,004
Hospital equipment	14,685	-	(4,109)	10,576
	<b>3,323,509</b>	<b>84,316</b>	<b>(300,983)</b>	<b>3,106,842</b>

#### Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Depreciation	Total
Property improvements	3,225,458	56,141	(203,516)	3,078,083
Furniture and fittings	92,802	-	(34,685)	58,117
Motor vehicles	87,657	81,666	(32,461)	136,862
Office equipment	56,386	13,421	(34,045)	35,762
Hospital equipment	18,795	-	(4,110)	14,685
	<b>3,481,098</b>	<b>151,228</b>	<b>(308,817)</b>	<b>3,323,509</b>

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,700	2,700
Bank balances	2,579,886	270,948
	<b>2,582,586</b>	<b>273,648</b>

### 4. Capital reserve - buildings

Balance at the end of the year	425,000	425,000
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# St. Francis Care Centre

Annual financial statements for the year ended 31 March 2010

## Notes to the annual financial statements

	2010 R	2009 R
<b>5. Subsidy repayable</b>		
<b>At amortised cost</b>		
European Union	285,307	-
The above subsidy is unused at year end and is repayable in terms of the agreement held with the European Union. The repayable subsidy is unsecured, bears no interest and is repayable in full within the next 12 months.		
<b>Current liabilities</b>		
At amortised cost	285,307	-
<b>6. Income</b>		
Income comprises donations received, subsidies received and other income, excluding value added tax. Income of R5,948,955 received from the National Lotteries Board relates to the 2008 and 2009 year respectively (2008 : R2,000,000; 2009 : R3,948,955). The funding was approved in the respective years, but due to income being recognised on a receipt basis the organisation reflects a surplus for the current year.		
<b>7. Operating surplus</b>		
Operating surplus for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	19,700	18,400
Telephone		
• Contractual amounts	6,984	6,957
	<b>26,684</b>	<b>25,357</b>
Depreciation on property, plant and equipment	300,983	308,817
Employee costs	6,730,461	6,079,817
<b>8. Investment revenue</b>		
<b>Interest revenue</b>		
Other interest	68,847	12,887
<b>9. Taxation</b>		
No provision has been made for 2010 taxation as the organisation is exempt from income tax in terms of section 10(1)(cN) of the Income Tax Act.		
<b>10. Auditors' remuneration</b>		
Fees	12,000	10,000
Adjustment for previous year	-	2,500
	<b>12,000</b>	<b>12,500</b>



## St. Francis Care Centre

Annual financial statements for the year ended 31 March 2010

### Notes to the annual financial statements

	2010 R	2009 R
<b>11. Cash generated from (used in) operations</b>		
Profit (loss) before taxation	1,977,418	(1,051,328)
<b>Adjustments for:</b>		
Depreciation	300,983	308,817
Interest received	(68,847)	(12,887)
<b>Changes in working capital:</b>		
Trade and other receivables	57,050	(157,123)
Trade and other payables	(227,504)	210,120
	<b>2,039,100</b>	<b>(702,401)</b>



**St. Francis Care Centre**  
**Annual Financial Statements for the year ended 31 March 2010**  
**Detailed income statement per sector**

	ADULT CARE	CRECHE	ARV CLINIC & REIGERPARK	HOME BASE CARE	TOTAL 2010	TOTAL 2009
<b>INCOME</b>						
Board from patients	18,471	-	-	-	18,471	10,645
Donations received	990,310	231,300	71,064	30,000	1,322,674	2,054,801
Donations received - Dorcas Aid	-	-	-	647,470	647,470	341,245
Donations received - Johnson Matthey	-	-	-	525,000	525,000	315,000
Donations received - SKF SA	50,000	374,000	-	-	424,000	408,000
Donations received - Atlas Copco	177,000	-	-	-	177,000	300,000
Donations received - Absa Bank	-	125,000	-	-	125,000	-
Donations received - Rand Water Board	-	-	-	-	-	150,000
Income - shop	63,842	-	-	-	63,842	108,691
Interest received	68,847	-	-	-	68,847	12,887
Subsidy received - Dept. of Social Development	-	1,039,325	-	222,101	1,261,425	1,366,270
Subsidy received - Dept. of Health	80,000	-	-	-	80,000	240,000
Subsidy received - SACBC	-	-	2,309,139	-	2,309,139	2,507,664
Subsidy received - European Union	-	-	-	-	-	246,610
Subsidy received - National Lottery	5,948,955	-	-	-	5,948,955	-
<b>TOTAL</b>	<b>7,397,425</b>	<b>1,769,625</b>	<b>2,380,203</b>	<b>1,424,571</b>	<b>12,971,823</b>	<b>8,061,813</b>
<b>EXPENDITURE</b>						
Advertising	2,018	-	-	-	2,018	3,292
Auditors' remuneration	6,000	6,000	-	-	12,000	12,500
Bank Charges	27,463	10,296	2,052	697	40,508	31,415
Cleaning	210,155	75,582	-	-	285,737	219,019
Depreciation	236,605	410	63,967	-	300,983	308,817
Electricity & water	99,517	45,240	7,015	-	151,772	332,868
Food hampers	-	-	-	419,351	419,351	173,197
General expenses	1,912	956	-	-	2,868	29,968
Groceries	254,439	103,050	6,830	32,340	396,658	367,714
Insurances	61,946	7,319	13,602	-	82,867	60,484
Levies & licenses	34,223	219	-	-	34,442	49,549
Medical expenses	154,672	106,489	657,228	487,063	1,405,452	552,657
Motor vehicle expenses	76,141	3,081	-	-	79,222	97,739
OVC Programme	-	-	-	56,717	56,717	-
Printing & stationery	67,676	12,432	20,148	6,815	107,071	156,375
Professional Services	16,400	838	1,250	-	18,487	27,869
Rates & taxes	13,752	1,976	-	-	15,728	2,041
Rental of property and telephones	15,699	3,285	-	7,700	26,684	25,357
Repairs & maintenance	383,599	15,607	68,685	19,391	487,283	233,077
Security	2,876	2,509	2,662	-	8,047	7,340
Staff training	26,981	1,200	2,156	19,511	49,848	63,677
Stipends and salaries	3,054,172	1,515,352	1,652,563	508,374	6,730,461	6,079,817
Telephones & postage	97,793	27,782	55,638	-	181,213	151,358
Transport - volunteers	28,040	8,990	-	-	37,030	80,799
Travel - local	6,310	417	1,423	53,808	61,958	46,213
<b>TOTAL</b>	<b>4,878,387</b>	<b>1,949,030</b>	<b>2,555,219</b>	<b>1,611,768</b>	<b>10,994,405</b>	<b>9,113,142</b>
<b>SURPLUS/DEFICIT FOR THE PERIOD</b>	<b>2,519,037</b>	<b>(179,405)</b>	<b>(175,016)</b>	<b>(187,197)</b>	<b>1,977,418</b>	<b>(1,051,331)</b>

This statement does not form part of the annual financial statements and is unaudited

