

**ST COLUMBA'S PRESBYTERIAN CHURCH**  
**Annual Financial Statements for the year ended 30 June 2017**

**INDEX**

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

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**LEVEL OF ASSURANCE**

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

**PREPARER**

Andy White

Published 22/09/2017

**ST COLUMBA'S PRESBYTERIAN CHURCH**  
**Annual Financial Statements for the year ended 30 June 2017**

**APPROVAL AND STATEMENT OF RESPONSIBILITY**

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The Board of Management is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the Board of Management's responsibility to ensure that the annual financial statements fairly present the state of affairs of the Church 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 the basis of accounting described in the accounting policies on page 9. The external auditors are engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with the basis of accounting described in the accounting policies on page 9 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.


The Board of Management acknowledges that it is ultimately responsible for the system of internal financial control established by the Church and place considerable importance on maintaining a strong control environment. To enable the Board of Management to meet these responsibilities, the Board of Management sets 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 Church and all employees are required to maintain the highest ethical standards in ensuring the Church's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Church is on identifying, assessing, managing and monitoring all known forms of risk across the Church. While operating risk cannot be fully eliminated, the Church endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Board of Management is 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 Board of Management has reviewed the Church's cash flow forecast for the year to 30 June 2018 and, in the light of this review and the current financial position, Board of Management is satisfied that the Church has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the church's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 3 to 5.

The annual financial statements set out on pages 6 to 13 which have been prepared on the going concern basis, were approved by the Board of Management and signed on its behalf by:

  
\_\_\_\_\_  
**For and on behalf of:** St Columba's Presbyterian Church  
**Date** 21 Sep 2017  
**Who declares he is authorised thereto**

**RSM South Africa Inc.**  
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## **INDEPENDENT AUDITORS' REPORT**

### **To the Board of Management of St Columba's Presbyterian Church**

#### *Qualified opinion*

We have audited the financial statements of St Columba's Presbyterian Church set out on pages 6 to 13, which comprise the balance sheet as at 30 June 2017, and the income statement and statement of cash flows for the year then ended, and summary of significant accounting policies and other explanatory notes.

In our opinion, except for the possible effect on the financial statements of the matters referred to in the basis for qualified opinion, the financial statements of St Columba's Presbyterian Church for the year ended 30 June 2017, have been prepared, in all material aspects, in accordance with the basis of accounting described in the accounting policies to the financial statements.

#### *Basis for qualified opinion*

It is not feasible for the Church to institute accounting controls over receipts from cash collections, donations and bequests prior to the initial entry of the receipt in the accounting records. Accordingly, we did not extend our examination beyond the receipts actually recorded.

Donations and other receipts that are specifically reserved for certain applications are credited to payables. These balances do not meet the definition of a liability but are accounted for in order to match the income with expense they relate to. Amounts received in advance also include other provisions for the expenditure not yet incurred.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **THE POWER OF BEING UNDERSTOOD**

### **AUDIT | TAX | CONSULTING**

**Directors** E Bergh, B Com (Hons), CA(SA), C D Betty, B Acc, CA(SA), A Bignaut-de Waal, B Com, B Compt (Hons), M Com (FORP), CA(SA), M G Q de Faria, B Bus Sc, CA(SA), B J Eaton, B Acc, H Dip Tax Law, CA(SA), C J Flynn, B Compt (Hons), CA(SA), A C Galloway, B Sc Mech Eng, CA(SA), H Heymans, B Compt (Hons), M Com, FCCA, CA(SA), N C Hughes, B Compt (Hons), PG Cert Adv Tax, CA(SA), J Jones, B Com, B Acc, H Dip Tax Law, H Dip Int Tax Law, CA(SA), J Kitching, B Compt (Hons), CA(SA), B Kooi, B Compt (Hons), M Com (GFA), CA(SA), L Mac Donald, B Compt (Hons), CA(SA), L Quintal, B Com (Hons), CA(SA), R Rawoot, B Compt (Hons), CA(SA), P D Schulze, B Acc Sc (Hons), PG Dip Tax Law, CA(SA), M Steenkamp, B Compt (Hons), CA(SA), L M van der Merwe, B Com (Hons), CA(SA), A Wootton, B Com (Hons), CA(SA), A D Young, B Compt (Hons), CA(SA)

### *Emphasis of matter – basis of accounting*

We draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the Church's own accounting policies to satisfy the financial information needs of the Church's Board of Management. As a result, the financial statements may not be suitable for another purpose.

### *Responsibilities of the Board of Management for the Financial Statements*

The Board of Management is responsible for the preparation of the financial statements in accordance with the basis of accounting described in the accounting policies and for such internal controls as the Board of Management determines necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud and error.

In preparing the financial statements, the Board of Management are responsible for assessing the Church's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Management either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Management.
- Conclude on the appropriateness of the Board of Management' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.



We communicate with the Board of Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*RSM South Africa Inc.*

**RSM South Africa Inc.**

**Hendrik Bernardus Heymans**  
**Chartered Accountant (SA)**  
**Registered Auditor**  
**Director**

**Date:** 22 September 2017

ST COLUMBA'S PRESBYTERIAN CHURCH

BALANCE SHEET  
at 30 June 2017

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	Notes	2017 R	2016 R
<b>FUNDS EMPLOYED</b>			
<b>ACCUMULATED FUNDS</b>			
Accumulated funds	Page 7	975 938	1 002 526
<b>Reserves</b>			
- General, motor vehicles and property	2	500 000	500 000
- Non-distributable property reserve	3	3 060 000	3 060 000
- Investment revaluation reserve	6	588 373	1 291 602
- St Columba's Memorial Fund	8	900 862	988 872
- St Columba's Benevolent Fund		320 417	440 159
		<u>6 345 590</u>	<u>7 283 159</u>
<b>EMPLOYMENT OF FUNDS</b>			
Property, plant and equipment	4	963 123	765 443
<b>INVESTMENT AND DEPOSITS</b>			
		3 978 827	4 842 622
Deposit - Motor vehicle replacement fund	2	330 454	491 020
Investment		3 648 373	4 351 602
- Non-distributable property reserve	3/5	2 430 083	2 961 223
- Cash allocated to reserve	5	629 917	98 777
- Investment revaluation reserve	5	588 373	1 291 602
<b>CURRENT ASSETS</b>			
		2 569 053	2 417 745
Cash at bank, on deposit and on hand	Page 8	2 132 366	2 252 787
Payments in advance	13	373 963	-
St Columba's Trust Fund - current account		4 235	-
Accounts receivable		58 489	164 958
<b>CURRENT LIABILITIES</b>			
		1 165 413	742 651
Accounts payable		305 695	171 764
Receipts in advance	7	187 266	326 955
Provisions		272 452	238 782
St Columba's Trust Fund - current account		-	5 150
St Columba's Trust Fund - short term loan	13	400 000	-
<b>NET CURRENT ASSETS</b>			
		1 403 640	1 675 094
		<u>6 345 590</u>	<u>7 283 159</u>

**ST COLUMBA'S PRESBYTERIAN CHURCH**

**INCOME STATEMENT**

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for the year ended 30 June 2017

	Notes	2017 R	2016 R
<b>INCOME</b>			
Pledge		2 906 909	2 979 062
Offering		308 118	338 775
Donations, bequests, weddings, etc		82 910	143 712
Investment income	11	869 185	446 624
Hire of halls		14 265	9 663
MTN income		109 855	108 166
		4 291 242	4 026 002
<b>EXPENDITURE</b>			
Audit fees		62 611	61 316
- current year		64 000	61 000
- prior year Under/(over) provision		( 1 389)	316
Assessment - Presbytery of Egoli		102 022	103 802
- The Uniting Presbyterian Church in Southern Africa		602 244	612 709
Cleaning and catering		43 776	53 826
Depreciation of property, plant and equipment	4	52 320	65 235
General expenditure	9	301 196	239 788
Insurance		89 271	87 185
Motor vehicles and travelling expenses		79 101	42 195
Rental of 8 Athlone Road		120 000	10 000
Repairs, maintenance and replacements		24 538	35 284
Salaries		1 192 179	1 051 363
Security expenses		81 595	100 189
Session committees	10	88 728	174 148
Stationery and printing		69 572	43 305
Stipends and allowances		846 202	855 824
Telephone and postage		69 456	64 896
Wages		311 109	265 361
Water, light and gas		181 910	204 946
		4 317 830	4 071 372
<b>OPERATING (DEFICIT)</b>		( 26 588)	( 45 370)
<b>NON-OPERATING SURPLUS</b>			
Profit on sale of motor vehicle		-	50 274
			50 274
<b>NET (DEFICIT) / SURPLUS</b>		( 26 588)	4 904
<b>ACCUMULATED FUNDS</b> at beginning of year		1 002 526	997 622
<b>ACCUMULATED FUNDS</b> at end of year	Page 6	975 938	1 002 526

ST COLUMBA'S PRESBYTERIAN CHURCH

CASH FLOW STATEMENT

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for the year ended 30 June 2017

	Notes	2017 R	2016 R
Operating (deficit)/surplus for the year per income statement		( 26 588)	( 45 370)
Add: Non cash flow items			
Depreciation	4	52 320	65 235
(Profit) on sale of investments	11	( 670 497)	( 202 474)
		<u>( 644 765)</u>	<u>( 182 609)</u>
Changes in operating assets and liabilities	See below	31 291	36 212
Investments		1 201 637	106 068
Purchase of investments		( 843 026)	( 660 736)
Return of capital		38 241	1 080
Proceeds on sale of investments		2 006 422	765 724
Net inflow/(outflow) Memorial Fund	8	( 88 010)	697 040
Proceeds on sale of motor vehicle		-	140 000
Purchase of motor vehicle	4	( 250 000)	-
Utilisation of general reserve	2	-	( 191 650)
Net cash inflow		<u>250 153</u>	<u>605 061</u>
Cash and cash equivalents			
Opening balances		2 842 584	2 237 523
Closing balances		<u>3 092 737</u>	<u>2 842 584</u>
Closing balance comprises:			
Cash at bank, on deposit and on hand	Page 6	2 132 366	2 252 787
Cash allocated to investment reserve	5	629 917	98 777
Deposit - motor vehicle replacement fund	2	330 454	491 020
		<u>3 092 737</u>	<u>2 842 584</u>
Changes in operating assets and liabilities			
Flow in / (out)			
St Columba's Trust Fund		( 9 385)	15 150
St Columba's Benevolent Fund		( 119 742)	161 695
Accounts receivable		106 469	( 84 237)
Accounts payable		133 931	( 241 923)
Payments in advance	13	( 373 963)	-
Receipts in advance		( 139 689)	160 537
Provisions		33 670	24 990
St Columba's Trust Fund	13	400 000	-
	See above	<u>31 291</u>	<u>36 212</u>



**1. Basis of preparation**

The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous year.

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates.

**1.1 Revenue recognition**

Revenue is recognised when received.

Where funds are received for specific causes, they are not recognised in revenue but are held as reserves or amounts received in advance until utilised.

Interest received is recognised using the effective interest rate method.

**1.2 Property, motor vehicles, plant and equipment**

Fixed property and motor vehicles are initially recorded at cost. Plant and equipment are written off in the year of purchase.

Depreciation

Fixed property is not depreciated.

Motor vehicles are depreciated over 5 years on the straight-line method limited to the estimated residual value of the vehicle at the end of its useful life.

**1.3 Accounts receivable**

Accounts receivable are carried at their nominal value.

**1.4 Accounts payable**

Accounts payable are carried at their nominal value.

**1.5 Investments**

Investments consisting of listed shares and collective investment schemes are revalued to market value at balance sheet date.

**1.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

ST COLUMBA'S PRESBYTERIAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2017

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2. Reserves	General R	Motor Vehicles R	Total	
			2017 R	2016 R
Balance at beginning of year	-	500 000	500 000	691 650
Utilisation of fund for memorial service for Rev Dr Martin Young	-	-	-	( 191 650)
Balance at end of year	-	500 000	500 000	500 000
<b>Represented by:</b>			<b>2017</b>	<b>2016</b>
Cash on deposit - Motor vehicle replacement fund			R	R
Balance at beginning of year		491 020	491 020	260 504
Contributions - allocated from church funds equivalent to accumulated depreciation of motor vehicles	See note 4	52 320	52 320	65 235
Purchase of motor vehicle		( 250 000)	( 250 000)	-
Proceeds on sale of motor vehicle		-	-	140 000
Interest		37 114	37 114	25 281
Balance at end of year		330 454	330 454	491 020
<b>3. Non-distributable property reserve</b>			<b>2 017</b>	<b>2 016</b>
Non-distributable property reserve - Originating from of sale of property			R	R
Balance at beginning of year			3 060 000	3 060 000
Balance at end of year			3 060 000	3 060 000
<b>Represented by:</b>				
Investment portfolio			2 430 083	2 961 223
Cash on deposit			629 917	98 777
	See note 5		3 060 000	3 060 000

4. Property, plant and equipment

	2 017			2 016		
	Cost/ valuation R	Accumulatec depreciation R	Carrying value R	Cost/ valuation R	Accumulated depreciation R	Carrying value R
Land and buildings	602 656	-	602 656	602 656	-	602 656
Motor vehicles	See note 2					
Motor vehicles	591 547	231 080	360 467	341 547	178 760	162 787
Motor vehicles	Opening balance	341 547	110 467	558 709	306 196	252 513
Additions	250 000	-	250 000	-	-	-
Disposal of motor vehicle	-	-	-	( 217 162)	( 127 436)	( 89 726)
	1 194 203	231 080	963 123	944 203	178 760	765 443

The carrying value of tangible assets can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	Carrying value at end of year
	R	R	R	R	R
Land and buildings	602 656	-	-	-	602 656
Motor vehicles	162 787	250 000	-	( 52 320)	360 467
	765 443	250 000	-	( 52 320)	963 123

Freehold land and buildings comprise of the following:

Stands 638, 639, and 640 Parkview Township, with buildings thereon.

**5. Investments**

Portfolio managed by Nedbank Private Wealth and Sanlam Private Wealth	2 017			2 016		
	Listed investments	Cash deposits	Total	Listed investments	Cash deposits	Total
	R	R	R	R	R	R
At cost	2 430 083	711 816	3 141 899	2 961 223	788 361	3 749 584
Less: Allocated to non distributable reserve	2 430 083	629 917	3 060 000	2 961 223	98 777	3 060 000
Investment not allocated to reserve	-	81 899	81 899	-	689 584	689 584
Revaluation to market value	588 373	-	588 373	1 291 602	-	1 291 602
At Market value of total investment	3 018 456	81 899	3 730 272	4 252 825	689 584	5 041 186

**6. Investment revaluation reserve**

	2 017	2 016
	R	R
Balance at beginning of year	1 291 602	1 583 400
Realised profit on sale of investments	(670 497)	(202 474)
Revaluation to market value at 30 June 2017	(32 732)	(89 324)
Balance at end of year	588 373	1 291 602

ST COLUMBA'S PRESBYTERIAN CHURCH

NOTES TO THE FINANCIAL STATEMENTS (continued)

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for the year ended 30 June 2017

	Notes	2017 R	2016 R
<b>7. Receipts in advance</b>			
Included in receipts in advance are the following:-			
Donations received and balances iro allocated and unallocated outreach projects			
Balance at beginning of year		312 522	138 481
Donations received for outreach projects		66 656	546 610
Related expenditure and distribution	10	( 202 097)	( 372 569)
Balance at end of year		177 081	312 522
Insurance claim		2 585	5 233
Wedding deposits		7 600	9 200
		<u>187 266</u>	<u>326 955</u>
<b>8. St Columba's Memorial Fund</b>			
Balance at beginning of year		988 872	291 832
Add: Donations and bequests		15 000	889 240
Add: Interest on cash on call		66 349	47 714
Less: Maintenance on buildings		( 169 359)	( 239 914)
Net movement for period	Page 8	( 88 010)	697 040
Balance at end of year		<u>900 862</u>	<u>988 872</u>
Represented by cash on call and notice deposit		<u>900 862</u>	<u>988 872</u>
<b>9. Schedule of general expenses</b>			
Bank charges		31 854	32 971
Computer expenses		94 797	41 404
Entertainment		59 153	39 699
Gifts		19 419	22 760
Internet costs		10 774	11 887
Protective clothing		-	360
Rental - equipment		79 259	90 197
Subscriptions and licenses		525	510
Training		5 415	-
		<u>301 196</u>	<u>239 788</u>

**ST COLUMBA'S PRESBYTERIAN CHURCH**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

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for the year ended 30 June 2017

	Notes	2017 R	2016 R
<b>10. Schedule of session committee expenditure</b>			
Christian Education		10 683	105 044
Outreach - Distributions	7	202 097	229 537
- Specific donations	7	( 202 097)	( 229 537)
Pastoral		6 661	-
Stewardship		37 500	39 437
Worship		33 884	29 667
		<u>88 728</u>	<u>174 148</u>
<b>11. Investment income</b>			
Interest on money market		34 276	40 300
Net income on SPW and NPW* managed portfolio		834 909	406 324
Interest		48 740	68 645
Dividends		142 978	161 525
Management fees		( 27 306)	( 26 320)
Net profit/(loss) on sale of investments		670 497	202 474
		<u>869 185</u>	<u>446 624</u>

Investment managers changed from Nedbank Private Wealth (NPW) to Sanlam Private Wealth (SPW) and income received from both sources.

<b>12. Commitments</b>			
Operating leases - as lessee			
- within one year		68 332	62 176
- in second to fourth year		227 772	25 907
		<u>296 104</u>	<u>88 083</u>

Operating lease payments represent rentals payable by the church for certain office equipment. Leases are negotiated on a yearly basis upon expiry of the lease.

<b>13. St Columba's Trust Fund</b>			
Short term loan, interest free	Page 6	<u>400 000</u>	-
Utilised for the purpose of payment in advance in respect of relocation expenses for new minister		370 204	-
Payments in advance for Fun Club - July 2017		3 759	-
Total Payments in Advance	Page 6	<u>373 963</u>	-