

DREAM FACTORY FOUNDATION NPO
(NPO NUMBER NPO127-128)
ANNUAL FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2018

Dream Factory Foundation NPO

(NPO number: NPO127-128)

Annual Financial Statements for the period ended 31 December 2018

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Non Profit Organisation
Members	Lusanda Magwape Nomfundo Dlangisa
Registered office	35 Brickfield Road Salt River 7536
Business address	35 Brickfield Road Salt River 7536
Bankers	Nedbank
Auditors	C2M Chartered Accountants Incorporated Chartered Accountants (S.A.) Registered Auditors
Non Profit Organisation number	NPO127-128
Tax reference number	9929788157
Level of assurance	The annual financial statements are audited.
Issued	12 December 2019

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

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The following supplementary information does not form part of the annual financial statements and is unaudited:

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Level of assurance

The annual financial statements are audited.

Published

12 December 2019

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MEMBERS' RESPONSIBILITIES AND APPROVAL

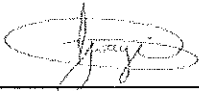
The members are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The accounting officer is responsible to determine that the annual financial statements are in agreement with the accounting records, summarised in the manner required by section 58(2)(d) of the Act.

The members are also responsible for the corporation's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the members to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

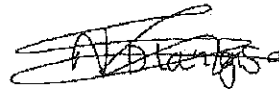
The annual financial statements have been prepared on the going concern basis, since the members have every reason to believe that the corporation has adequate resources in place to continue in operation for the foreseeable future.

The members of the corporation confirm that as at 31 December 2018, the assets of the corporation exceeded its liabilities.

The annual financial statements set out on pages 7 to 15, were approved by all members on 12 December 2019 and have been signed by them or on their behalf by:



Lusanda Magwape



Nomfundo Dlangisa

Bellville

12 December 2019

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MEMBERS' REPORT

The members submit their report for the period ended 31 December 2018.

1. Incorporation

The Non Profit Organisation was incorporated in South Africa on 19 September 2013 and obtained its certificate to commence business on the same day.

2. Review of activities

Main business and operations

The organisation is engaged in non profit organisation and operates principally in South Africa.

The operating results and state of affairs of the organisation are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

3. 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.

4. Events after the reporting period

The members are not aware of any matter or circumstance arising since the end of the financial period that has a material impact on the annual financial statements.

5. Members' contribution

There were no changes in the members' contributions during the accounting period under review.

6. Members

The members of the close corporation during the period and to the date of this report are as follows:

Name

Lusanda Magwape

Nomfundo Dlangisa

7. Auditors

C2M Chartered Accountants Incorporated will continue in office for the next financial period.

INDEPENDENT AUDITOR'S REPORT

To the members of Dream Factory Foundation NPO

Opinion

We have audited the annual financial statements of Dream Factory Foundation NPO set out on pages 7 to 15, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Dream Factory Foundation NPO as at 31 December 2018, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Close Corporations Act, 1984 (No. 69 of 1984).

Basis for opinion

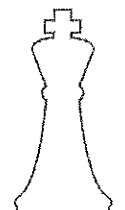
We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with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

Other information

The members are responsible for the other information. The other information comprises the information included in the document titled "Dream Factory Foundation NPO annual financial statements for the period ended 31 December 2018", which includes the Members' Report as required by the Close Corporations Act, 1984 (No. 69 of 1984) and the Detailed Income Statement, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT

Responsibilities of the members for the Annual Financial Statements

The members are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Close Corporations Act, 1984 (No. 69 of 1984), and for such internal control as the members determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the members are responsible for assessing the close corporation'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 members either intend to liquidate the close corporation or to cease operations, or have no realistic alternative but to do so.

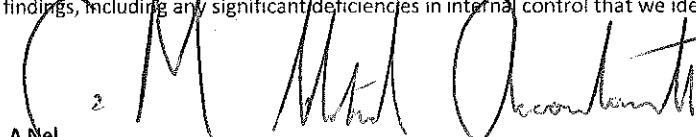
Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

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

- Identify and assess the risks of material misstatement of the annual 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 companies's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the members.
- Conclude on the appropriateness of the members' 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 companies'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 annual 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.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the members 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.



A Nel
Chartered Accountant (S.A.)
Registered Auditor
Director

12 December 2019

Tygerforum B
53 Willie van Schoor Drive
Tygervalley
Bellville
7530



Dream Factory Foundation NPO

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Annual Financial Statements for the period ended 31 December 2018

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

Figures in Rand	Note(s)	31 December 2018	31 July 2017
Assets			
Non-Current Assets			
Property, plant and equipment	2	145,867	256,053
Current Assets			
Cash and cash equivalents	3	2,624	473,319
Total Assets		148,491	729,372
Equity and Liabilities			
Member's interest and reserves			
Retained income		147,298	426,980
		148,491	428,173
Liabilities			
Current Liabilities			
Trade and other payables	4	-	3,176
Deferred income	5	-	298,023
		-	301,199
Total Equity and Liabilities		148,491	729,372

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STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	3	17 months ended 31 December 2018	12 months ended 31 July 2017
Revenue	6	968,922	1,062,511
Cost of sales	7	(182,899)	(479,288)
Gross profit		786,023	583,223
Operating expenses		(1,065,705)	(297,566)
Operating (loss) profit	8	(279,682)	285,657
(Loss) profit for the period		(279,682)	285,657
Other comprehensive income		-	-
Total comprehensive (loss) income for the period		(279,682)	285,657

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Annual Financial Statements for the period ended 31 December 2018

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Member's contributions	Retained income	Total equity
Balance at 01 August 2016	1,193	141,323	142,516
Profit for the period		285,657	285,657
Other comprehensive income			
Total comprehensive income for the period		285,657	285,657
Balance at 01 August 2017	1,193	426,980	428,173
Loss for the period		(279,682)	(279,682)
Other comprehensive income			
Total comprehensive loss for the period		(279,682)	(279,682)
Balance at 31 December 2018	1,193	147,298	148,491

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STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	17 months ended 31 December 2018	12 months ended 31 July 2017
Cash flows from operating activities			
Cash (used in) generated from operations	12	<u>(470,695)</u>	<u>624,520</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	<u>-</u>	<u>(266,175)</u>
Total cash movement for the period		(470,695)	358,345
Cash at the beginning of the period		<u>473,319</u>	<u>114,974</u>
Total cash at end of the period	3	<u>2,624</u>	<u>473,319</u>

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Annual Financial Statements for the period ended 31 December 2018

ACCOUNTING POLICIES

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Close Corporations Act, 1984 (No. 69 of 1984). 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

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

Key sources of estimation uncertainty

The financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial period as a result of the key estimation assumptions.

1.2 Property, plant and equipment

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

Cost includes 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.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 Years
IT equipment	Straight line	3 Years

Where major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to the components and they are depreciated separately over each component's useful life.

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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ACCOUNTING POLICIES

1.3 Financial instruments (continued)

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.5 Impairment of assets

The close corporation assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill or investment property on the cost model may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior periods. A reversal of impairment is recognised immediately in profit or loss.

1.6 Government grants

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

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ACCOUNTING POLICIES

1.7 Revenue

Revenue is recognised to the extent that the close corporation has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the close corporation. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

1.8 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	17 months ended 31 December 2018	12 months ended 31 July 2017				
2. Property, plant and equipment						
	2018	2017				
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	16,382	(3,583)	12,799	16,382	(852)	15,530
IT equipment	302,422	(169,355)	133,067	302,422	(61,899)	240,523
Total	318,804	(172,938)	145,866	318,804	(62,751)	256,053
Reconciliation of property, plant and equipment - 2018						
			Opening balance	Depreciation	Closing balance	
Furniture and fixtures			15,530	(2,731)	12,799	
IT equipment			240,523	(107,456)	133,067	
			256,053	(110,187)	145,866	
Reconciliation of property, plant and equipment - 2017						
			Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures			-	16,382	(852)	15,530
IT equipment			30,719	249,793	(39,989)	240,523
			30,719	266,175	(40,841)	256,053
3. Cash and cash equivalents						
Cash and cash equivalents consist of:						
Cash on hand				2,624	473,319	
4. Trade and other payables						
Deposits				-	3,176	
5. Deferred income						
Government grants				-	298,023	
Split between non-current and current portions						
Current liabilities				-	298,023	
6. Revenue						
Rental Income				14,806	4,765	
Donations				97,932	16,837	
Grants recieved				856,184	1,040,909	
				968,922	1,062,511	

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	17 months ended 31 December 2018	12 months ended 31 July 2017
7. Cost of sales		
Rendering of services		
Project cost	182,899	479,288
8. Operating (loss) profit		
Operating (loss) profit for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	73,747	58,874
Depreciation on property, plant and equipment	110,187	40,841
Employee costs	590,380	136,040
9. Employee cost		
Employee costs		
Basic	589,120	135,500
UIF	1,260	540
	590,380	136,040
10. Depreciation, amortisation and impairments		
The following items are included within depreciation, amortisation and impairments:		
Depreciation		
Property, plant and equipment	110,187	40,841
11. Taxation		
This entity is exempt from income tax under section 10 (1)(cN).		
12. Cash (used in) generated from operations		
(Loss) profit before taxation	(279,682)	285,657
Adjustments for:		
Depreciation and amortisation	110,187	40,841
Rounding	(1)	(1)
Changes in working capital:		
Trade and other payables	(3,176)	-
Deferred income	(298,023)	298,023
	(470,695)	624,520

13. 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.

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Annual Financial Statements for the period ended 31 December 2018

DETAILED INCOME STATEMENT

Figures in Rand	Note(s)	17 months ended 31 December 2018	12 months ended 31 July 2017
Revenue			
Rental Income		14,806	4,765
Donations		97,932	16,837
Grants		856,184	1,040,909
	6	<u>968,922</u>	<u>1,062,511</u>
Cost of sales			
Purchases		(182,899)	(479,288)
Gross profit		<u>786,023</u>	<u>583,223</u>
Operating expenses			
AGM Expense		6,816	2,687
Accounting fees		5,700	2,280
BBEE verification		285	-
Bank charges		5,451	5,278
Computer expenses		8,025	11,574
Depreciation, amortisation and impairments		110,187	40,841
Employee costs		590,380	136,040
Entertainment		3,260	7
Lease rentals on operating lease		73,747	58,874
Office supplies		26,080	23,460
Other expenses		44,552	-
PAYE		53,925	-
Petrol		10,366	1,150
Postage		877	74
Printing and stationery		2,757	384
Repairs and maintenance		800	3,856
Staff welfare		66,531	7,069
Subscriptions		5,947	-
Telephone and fax		22,609	-
Travel - local		26,870	2,615
Uniforms		-	1,377
Venue hire		540	-
		<u>1,065,705</u>	<u>297,566</u>
(Loss) profit for the period		<u>(279,682)</u>	<u>285,657</u>