

MARANATHA RETREAT AND CONFERENCE CENTRE

an enterprise of
THE BAPTIST UNION OF SOUTHERN AFRICA
(Registration Number 207-741 NPO)
Annual Financial Statements
for the year ended 31 December 2019

Prepared by:

QACR cc
Quality Accounting Complete Reporting
2008/153124/23
Andrea Kay Graham (B.Com)
Professional Accountant (SA)
Professional Tax Practitioner (SA)

MARANATHA RETREAT AND CONFERENCE CENTRE

(Registration Number 207-741 NPO)

Annual Financial Statements for the year ended 31 December 2019

Index

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

| | |
|---|---------|
| General Information | 1 |
| Report of the Compiler | 2 |
| Report of the Independent Reviewer | 3 |
| Directors' Responsibilities and Approval | 4 |
| Statement of Financial Position | 5 |
| Statement of Comprehensive Income | 6 |
| Statement of Cash Flows | 7 |
| Accounting Policies | 8 - 9 |
| Notes to the Financial Statements | 10 - 11 |
| Supplementary information: Detailed Income Statement | 12 |

MARANATHA RETREAT AND CONFERENCE CENTRE

(Registration Number 207-741 NPO)

Annual Financial Statements for the year ended 31 December 2019

General Information

COUNTRY OF INCORPORATION AND DOMICILE

South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES

Provide conference and accommodation to organisations for Christian educational or training purposes.

MANAGEMENT

P Ihlenfeldt
J Dreyer

REGISTERED OFFICE

44 Blende Avenue
Roodekrans
Roodepoort
1424

BANKERS

Standard Bank

COMPILER

Andrea Kay Graham
QACR cc
29 Bushbuck Ridge
Pinetown
3610

INDEPENDENT REVIEWER

Scott Stephenson Business Advisory
27 Saltfleet Road
Westville
3630



Andrea Kay Graham B. Com

Professional Accountant (SA)

Professional Tax Practitioner (SA)

083 557 1580

andrea@qacr.co.za

Report of the Compiler

To the Management of Maranatha Retreat and Conference Centre

I have compiled the accompanying annual financial statements of Maranatha Retreat and Conference Centre based on information you have provided. These annual financial statements comprise the statement of financial position of Maranatha Retreat and Conference Centre as at 31 December 2019, the statement of comprehensive income and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

I performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

I have applied my expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. I have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

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

Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information you provided to me to compile these financial statements. Accordingly, I do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

16/10/2020

Andrea Kay Graham
Professional Accountant

Independent Reviewer's Report

MARANATHA RETREAT AND CONFERENCE CENTRE

(Registration Number 207-741 NPO)

Annual Financial Statements for the year ended 31 December 2019

Management's Responsibilities and Approval

Management is 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 satisfy the financial reporting standards as to form and content and present fairly the statement of financial position, results of operations and business of the organisation, and explain the transactions and financial position of the business of the organisation at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the organisation and supported by reasonable and prudent judgements and estimates.

Management acknowledges 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 management to meet these responsibilities, the management committee 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 organisation and all employees are required to maintain the highest ethical standards in ensuring the organisations 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.

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 going-concern basis has been adopted in preparing the financial statements.

Based on forecasts and available cash resources, without considering the effects of Covid19, a pandemic that has had global consequences, management has no reason to believe that the organisation will not be a going concern in the foreseeable future. The financial statements support the viability of the organisation

The independent reviewer is responsible for independently reviewing and reporting on the annual financial statements. The independent reviewers report is presented on page 3.

The annual financial statements as set out on pages 5 to 11 were approved by the management committee on _____ and were signed on its behalf by:

P Ihlenfeldt

J Dreyer

MARANATHA RETREAT AND CONFERENCE CENTRE

(Registration Number 207-741 NPO)

Financial Statements for the year ended 31 December 2019

Statement of Financial Position

| Figures in R | Notes | 2019 | 2018 |
|---------------------------------------|-------|----------------|----------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 3 | 15 656 | 22 324 |
| Current Assets | | | |
| Trade and other receivables | 4 | 384 244 | 255 304 |
| Cash and cash equivalents | 5 | 58 271 | 222 979 |
| | | 442 515 | 478 283 |
| Total Assets | | 458 171 | 500 607 |
| Reserves and Liabilities | | | |
| Reserves | | | |
| Retained earnings/ (accumulated loss) | | 139 822 | (72 233) |
| Current Liabilities | | | |
| Trade and other payables | 6 | 318 349 | 572 840 |
| Total Reserves and Liabilities | | 458 171 | 500 607 |

MARANATHA RETREAT AND CONFERENCE CENTRE

(Registration Number 207-741 NPO)

Financial Statements for the year ended 31 December 2019

Statement of Comprehensive Income

| Figures in R | Notes | 2019 | 2018 |
|-------------------------------------|-------|----------------|-----------------|
| Revenue | 7 | 1 403 769 | 1 460 547 |
| Operating costs | | (1 192 467) | (1 331 144) |
| Operating surplus | | 211 302 | 129 403 |
| Finance income | 8 | 958 | 4 457 |
| Finance costs | 9 | (205) | - |
| Surplus for the year | | 212 055 | 133 860 |
| Accumulated loss at 1 January 2019 | | (72 233) | (206 093) |
| Surplus for the year | | 212 055 | 133 860 |
| Retained income at 31 December 2019 | | 139 822 | (72 233) |

MARANATHA RETREAT AND CONFERENCE CENTRE

(Registration Number 207-741 NPO)

Financial Statements for the year ended 31 December 2019

Statement of Cash Flows

| Figures in R | 2019 | 2018 |
|---|------------------|----------------|
| Cash flows from operating activities | | |
| Surplus for the year | 212 055 | 133 860 |
| <i>Adjustments for:</i> | | |
| Finance costs | 205 | - |
| Depreciation of Tangible assets | 6 668 | 6 667 |
| Investment income | (958) | (4 457) |
| Operating cash flow before working capital changes | <u>217 970</u> | <u>136 070</u> |
| <i>Working capital changes</i> | | |
| Increase in trade and other receivables | (128 940) | (233 287) |
| (Decrease)/increase in trade and other payables | (254 491) | 293 736 |
| Cash (utilised in)/generated by operating activities | <u>(165 461)</u> | <u>196 519</u> |
| Investment income | 958 | 4 457 |
| Finance costs | (205) | - |
| Net cash from operating activities | <u>(164 708)</u> | <u>200 976</u> |
| (Decrease)/increase in cash and cash equivalents | (164 708) | 200 976 |
| Cash and cash equivalents at beginning of the year | 222 979 | 22 003 |
| Cash and cash equivalents at end of the year | <u>58 271</u> | <u>222 979</u> |

5

MARANATHA RETREAT AND CONFERENCE CENTRE

(Registration Number 207-741 NPO)

Financial Statements for the year ended 31 December 2019

Accounting Policies

1. General information

The Baptist Union Of Southern Africa is a non-profit organisation. The Baptist Union of Southern Africa owns and runs this enterprise "Maranatha Retreat and Conference Centre".

2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the organisation's activities. Revenue is shown net of value-added tax, returns, and discounts.

The organisation recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the organisation's activities, as described below:

2.2 Income taxes

The association has been approved as a public benefit organisation in terms of section 30 of the Income Tax Act, (the Act) and the receipts and accruals are exempt from income tax in terms of section 10(1)(cN) of the Act.

2.3 Property, plant and equipment

Property, plant and equipment used by MRCC but acquired during and before the 2015 financial year is owned by BUSA and does not form part of property, plant and equipment in these financial statements. MRCC rents these assets from the BUSA at a rental that is set annually by BUSA. This rental includes the right to occupy and use the Retreat Centre.

Items of property, plant and equipment acquired during or after 2016 are measured at cost less accumulated depreciation and any accumulated impairment losses.

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.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The following rates are used for the depreciation of property, plant and equipment:

| | |
|------------------------|--------|
| Furniture and fittings | 16.67% |
| Equipment | 16.67% |

MARANATHA RETREAT AND CONFERENCE CENTRE

(Registration Number 207-741 NPO)

Financial Statements for the year ended 31 December 2019

Accounting Policies

Summary of significant accounting policies continued...

2.4 Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the organisation will not be able to collect all amounts due according to the original terms of the receivables.

2.5 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

2.6 Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

2.7 Profit (surplus) distribution policy

The Baptist Union of Southern Africa (BUSA) and the Baptist Union Women's Department (BUWD) are to share in any profits (surpluses) on a 50:50 basis. Where, in any one financial year, 50% of the surplus is less than the rental due to BUSA, or, should the Maranatha Retreat and Conference Centre (MRCC) incur a loss or deficit, then BUSA and BUWD will agree an alternative basis for profit sharing which may include an adjustment to the rental agreement.

MARANATHA RETREAT AND CONFERENCE CENTRE

(Registration Number 207-741 NPO)

Financial Statements for the year ended 31 December 2019

Notes to the Annual Financial Statements

Figures in R

2019

2018

3. Property, plant and equipment

| | Cost | Accumulated depreciation | 2019 Carrying value | Cost | Accumulated depreciation | 2018 Carrying value |
|------------------------|---------------|--------------------------|---------------------|---------------|--------------------------|---------------------|
| <i>Owned assets</i> | | | | | | |
| Furniture and fittings | 16 997 | 9 446 | 7 551 | 16 997 | 6 612 | 10 385 |
| Equipment | 23 000 | 14 895 | 8 105 | 23 000 | 11 061 | 11 939 |
| | 39 997 | 24 341 | 15 656 | 39 997 | 17 673 | 22 324 |

The carrying amounts of property, plant and equipment can be reconciled as follows:

| | Carrying value at beginning of year | Additions | Disposals | Depreciation | 2019 Carrying value at end of year |
|------------------------|-------------------------------------|-----------|-----------|----------------|------------------------------------|
| <i>Owned assets</i> | | | | | |
| Furniture and fittings | 10 385 | - | - | (2 834) | 7 551 |
| Equipment | 11 939 | - | - | (3 834) | 8 105 |
| | 22 324 | - | - | (6 668) | 15 656 |

| | Carrying value at beginning of year | Additions | Disposals | Depreciation | 2018 Carrying value at end of year |
|------------------------|-------------------------------------|-----------|-----------|----------------|------------------------------------|
| <i>Owned assets</i> | | | | | |
| Furniture and fittings | 13 218 | - | - | (2 833) | 10 385 |
| Equipment | 15 773 | - | - | (3 834) | 11 939 |
| | 28 991 | - | - | (6 667) | 22 324 |

4. Trade and other receivables

| | | |
|---------------|----------------|----------------|
| Trade debtors | 51 865 | 58 923 |
| BU Trust loan | 332 379 | 195 381 |
| Staff loans | - | 1 000 |
| | 384 244 | 255 304 |

5. Cash and cash equivalents

Favourable cash balances

| | | |
|-------------------------------|---------------|----------------|
| Cash on hand | 34 463 | 11 138 |
| Standard bank Current Account | 20 603 | 174 595 |
| Standard bank Call Account | 3 205 | 37 246 |
| | 58 271 | 222 979 |

6. Trade and other payables

| | | |
|----------------------|----------------|----------------|
| Sundry creditors | 6 074 | 85 756 |
| Value Added Taxation | 22 779 | 51 415 |
| Breakage deposits | 51 368 | 291 978 |
| Loan from BUWD | 238 128 | 143 691 |
| | 318 349 | 572 840 |

MARANATHA RETREAT AND CONFERENCE CENTRE

(Registration Number 207-741 NPO)

Financial Statements for the year ended 31 December 2019

Notes to the Annual Financial Statements

| Figures in R | 2019 | 2018 |
|---------------------------------------|------------------|------------------|
| 7. Revenue | | |
| An analysis of revenue is as follows: | | |
| Accommodation and conference fees | 1 228 826 | 1 304 041 |
| Catering levy | 162 794 | 148 104 |
| Parking income | 7 410 | 7 442 |
| Sundry income | 4 739 | 960 |
| | <u>1 403 769</u> | <u>1 460 547</u> |
| 8. Finance income | | |
| Interest income | | |
| Interest received | <u>958</u> | <u>4 457</u> |
| 9. Finance costs | | |
| SARS | <u>205</u> | <u>-</u> |
| | <u>205</u> | <u>-</u> |

MARANATHA RETREAT AND CONFERENCE CENTRE

(Registration Number 207-741 NPO)

Financial Statements for the year ended 31 December 2019

Detailed Income Statement

| Figures in R | 2019 | 2018 |
|-----------------------------------|-----------------------|-----------------------|
| Gross Revenue | | |
| Accommodation and conference fees | 1 228 826 | 1 304 041 |
| Catering levy | 162 794 | 148 104 |
| Parking income | 7 410 | 7 442 |
| Sundry income | 4 739 | 960 |
| | <u>1 403 769</u> | <u>1 460 547</u> |
| Other Income | | |
| Investment income | 958 | 4 457 |
| | <u>958</u> | <u>4 457</u> |
| Expenditure | | |
| Accounting fees | 46 183 | 17 871 |
| Admin / management fees paid | 40 000 | 60 000 |
| Advertising | 3 660 | 1 972 |
| Bank charges | 12 058 | 11 143 |
| Catering | 6 449 | 9 157 |
| Depreciation - Tangible assets | 6 668 | 6 667 |
| Electricity and water | 276 097 | 354 841 |
| Equipment, furniture and tools | 430 | 130 843 |
| Finance costs | 205 | - |
| General expenses | - | 1 029 |
| Hire - Equipment | - | 9 200 |
| Insurance | 26 654 | 39 456 |
| Laundry and cleanings | 74 481 | 75 525 |
| Lease rental on operating lease | - | 95 000 |
| Motor vehicle expense | 600 | 2 700 |
| Printing and stationery | 6 208 | 1 237 |
| Repairs and maintenance | 99 858 | 62 702 |
| Salaries | 541 634 | 382 896 |
| Security | 40 540 | 58 610 |
| Staff welfare | - | 580 |
| Telephone and fax | 10 947 | 9 715 |
| | <u>1 192 672</u> | <u>1 331 144</u> |
| Surplus for the year | <u>212 055</u> | <u>133 860</u> |