

Oranjezicht City Farm NPC
(Registration number 2014/162636/08)
Annual Financial Statements
for the 7 months ended 28 February 2015

These annual financial statements were prepared by:
Lindie McMaster

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

Published 06 July 2015

Oranjezicht City Farm NPC

(Registration number 2014/162636/08)

Annual Financial Statements for the 7 months ended 28 February 2015

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To improve under-utilised public green spaces by creating demonstration gardens for hands-on community-wide food gardening education, thereby increasing access to fresh vegetables.
Directors	Kurt Ackermann Miles Gad Sheryl Ozinsky Tania Miglietta
Registered office	Unit 1 Higgo Road Higgovale 8001
Postal address	Unit 1 Higgo Road Higgovale 8001
Auditors	Moore Stephens Cape Town Inc. Chartered Accountants (S.A.) Registered Auditor
Company registration number	2014/162636/08
Tax reference number	9103/693/199
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: Lindie McMaster

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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

Lindie McMaster

Published

06 July 2015

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Annual Financial Statements for the 7 months ended 28 February 2015

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, 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 7 months and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The directors 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 directors have reviewed the company's cash flow forecast for the year ended 28 February 2015 and, in the light of this review and the current financial position, they are satisfied that the company 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 company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 4.

The annual financial statements set out on pages 6 to 17, which have been prepared on the going concern basis, were approved by the board of directors on 06 July 2015 and were signed on its behalf by:



Director

06 July 2015

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Independent Auditors' Report

To the members of Oranjezicht City Farm NPC

We have audited the annual financial statements of Oranjezicht City Farm NPC, as set out on pages 8 to 15, which comprise the statement of financial position as at 28 February 2015, and the statement of comprehensive income, statement of changes in funding and statement of cash flows for the 7 months then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

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 management, 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 qualified audit opinion.

Basis for Qualified Opinion

In common with similar organisations, it is not feasible for the company to institute accounting controls over cash collections prior to the initial entry of receipts in the accounting records, therefore we cannot test the completeness of income. Accordingly, it was impractical for us to extend our examination beyond receipts actually recorded.

In common with similar organisations, it is not feasible for the company to institute accounting controls over cash payments of wages, prior to the initial entry of expenses in the accounting records, therefore we cannot test the occurrence and accuracy of the wages expense. Accordingly, it was impractical for us to extend our examination beyond expense actually recorded.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of Oranjezicht City Farm NPC as at 28 February 2015, and its financial performance and cash flows for the 7 months then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act 71 of 2008.

Other matter

Without qualifying our opinion further, we draw attention to the fact that supplementary information set out on pages 16 to 17 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.

Other reports required by the Companies Act

As part of our audit of the annual financial statements for the 7 months ended 28 February 2015, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between that report and the audited annual financial statements. The directors' report is the responsibility of the directors. Based on reading that report we have not identified material inconsistencies between it and the audited annual financial statements. However, we have not audited the directors' report and accordingly do not express an opinion thereon.

Moore Stephens Cape Town Inc.

Moore Stephens Cape Town Inc.
Chartered Accountants (S.A)
Registered Auditor

Per: Alan Billson

06 July 2015
Cape Town

Oranjezicht City Farm NPC

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Annual Financial Statements for the 7 months ended 28 February 2015

Directors' Report

The directors submit their report for the 7 months ended 28 February 2015.

1. Main objective and activities

The Oranjezicht City Farm is a neighbourhood non-profit Cape Town farm project celebrating local food, culture and community through urban agriculture.

The objectives of the non-profit company are as follows:

- To farm land on the basis of organic and permaculture principles in a way that promotes sustainable development, community participation, volunteering opportunities, education and the principles of the OZCF;
- To provide a place where people from the local community can meet, collaborate and participate in events that are consistent with the main purpose and principles of the OZCF;
- To promote and conduct educational and training programmes relating to environmental awareness, greening and sustainable development, including educational programmes for children;
- To protect and maintain the Oranjezicht City Farm site as site of cultural and historical interest and significance;
- To develop practical ways for local people to work together to create communities that are cohesive, safe, socially just and ecologically sustainable; and
- To promote the values of social cohesion, self-help, self-reliance, social and ecological responsibility, and democracy.

2. Share capital

As the company is incorporated as a non-profit company for a public benefit, the company may not have shareholders contemplated in paragraph 4(1) of Schedule 1 of the Companies Act 71 of 2008.

3. Directors

The directors in office at the date of this report are as follows:

Directors

Kurt Ackermann

Miles Gad

Sheryl Ozinsky

Tania Miglietta

There have been no changes to the directorate for the period under review.

4. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

5. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. 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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Directors' Report

7. Auditors

Moore Stephens Cape Town Inc. continued in office as auditors for the company for 2015.

8. Secretary

The company secretary for the year under review is Miles Gad.

Oranjezicht City Farm NPC

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Annual Financial Statements for the 7 months ended 28 February 2015

Statement of Financial Position as at 28 February 2015

Figures in Rand	Note(s)	2015
Assets		
Non-Current Assets		
Property, plant and equipment	2	424,810
Other financial assets	3	623,444
		<u>1,048,254</u>
Current Assets		
Trade and other receivables	4	15,852
Cash and cash equivalents	5	129,494
		<u>145,346</u>
Total Assets		<u>1,193,600</u>
Equity and Liabilities		
Equity		
Retained income		1,193,600
Total Equity and Liabilities		<u>1,193,600</u>

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Annual Financial Statements for the 7 months ended 28 February 2015

Statement of Comprehensive Income

Figures in Rand	Note(s)	7 months ended 2015
Revenue	6	1,502,725
Cost of sales		(526,839)
Gross profit		975,886
Other income	7	974,185
Operating expenses		(766,799)
Operating profit		1,183,272
Investment revenue	8	10,328
Profit for the 7 months		1,193,600

Oranjezicht City Farm NPC

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Annual Financial Statements for the 7 months ended 28 February 2015

Statement of Changes in Funding

Figures in Rand	Retained income	Total equity
Profit for the 7 months	1,193,600	1,193,600

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Annual Financial Statements for the 7 months ended 28 February 2015

Statement of Cash Flows

Figures in Rand	Note(s)	7 months ended 2015
Cash flows from operating activities		
Cash generated from operations	9	1,227,817
Interest income		10,328
Net cash from operating activities		1,238,145
Cash flows from investing activities		
Purchase of property, plant and equipment	2	(485,207)
Transfer of financial assets		(623,444)
Net cash from investing activities		(1,108,651)
Total cash movement for the 7 months		129,494
Total cash at end of the 7 months	5	129,494

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Annual Financial Statements for the 7 months ended 28 February 2015

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. 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.

1.1 Property, plant and equipment

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

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

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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 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
Motor vehicles	5 years
Office equipment	6 years
Tent	2 years
Worm farm	4 years
Electricity box	3 years

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price. This includes transaction costs, except for financial instruments which are measured at fair value through profit or loss.

Financial instruments at amortised cost

Debt instruments, as defined in 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 the end of 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 so, an impairment loss is recognised

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment. This includes equity instruments held in unlisted investments.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

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Accounting Policies

1.3 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for rental income.

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

1.4 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

2015

2. Property, plant and equipment

	2015		
	Cost	Accumulated depreciation	Carrying value
Electrical box	9,601	(3,389)	6,212
Motor vehicles	290,876	(19,392)	271,484
Office equipment	2,843	-	2,843
Tents	173,887	(31,616)	142,271
Worm farm	8,000	(6,000)	2,000
Total	485,207	(60,397)	424,810

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Electrical box	-	9,601	(3,389)	6,212
Motor vehicles	-	290,876	(19,392)	271,484
Office equipment	-	2,843	-	2,843
Tent	-	173,887	(31,616)	142,271
Worm farm	-	8,000	(6,000)	2,000
	-	485,207	(60,397)	424,810

3. Other financial assets

At fair value

Unit trusts - Coronation Money Market 623,444

Non-current assets

At fair value 623,444

4. Trade and other receivables

Trade receivables 14,172
Other receivable 1,680
15,852

5. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand 71,130
Bank balances 58,364
129,494

6. Revenue

Sale of goods 931,177
Trader rental income 571,548
1,502,725

All trading activities fall within the scope of section 10(1)(cN) of the Income Tax Act.

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Notes to the Annual Financial Statements

Figures in Rand

2015

7. Other income

Donations received	922,555
Fees	47,620
Tent rental income	4,010
	<u>974,185</u>

8. Investment revenue

Interest revenue	
Interest	<u>10,328</u>

9. Cash generated from operations

Profit before taxation	1,193,600
Adjustments for:	
Depreciation and amortisation	60,397
Interest received - investment	(10,328)
Changes in working capital:	
Trade and other receivables	(15,852)
	<u>1,227,817</u>

10. 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.

11. Events after the reporting period

There were no significant events after the reporting period.

12. Taxation

No provision has been made for the 2015 tax as the company is in the process of registering as a public benefit organisation in terms of section 30 of the Income Tax Act of 1962 and will therefore be exempt from South African Income Taxation in terms of section 10(1)(cN) of the Act.

Oranjezicht City Farm NPC

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Statement of Financial Performance

Figures in Rand	Note(s)	7 months ended 2015
Revenue		
Trader rental income		571,548
Sale of goods		931,177
	6	<u>1,502,725</u>
Cost of sales		
Purchases		(526,839)
Gross profit		<u>975,886</u>
Other income		
Rental income		4,010
Farm tour fees		47,620
Donations received		922,555
Interest received	8	10,328
		<u>984,513</u>

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Annual Financial Statements for the 7 months ended 28 February 2015

Statement of Financial Performance

Figures in Rand	Note(s)	7 months ended 2015
Operating expenses		
Accommodation		13,750
Accounting fees		12,050
Administration and management fees		45,000
Advertising		1,539
Bank charges		8,686
Book production		62,737
Cleaning		9,932
Consumables		12,730
Course fees		5,228
Depreciation, amortisation and impairments		60,397
Employee costs		266,617
Entertainment		11,807
Gifts		280
Hire		35,135
Insurance		11,615
Layout and design costs		19,361
Legal expenses		6,620
Market day expenses		19,000
Market set up expenses		29,760
Motor vehicle expenses		13,681
Municipal expenses		2,841
Petrol and oil		29,076
Printing and stationery		1,952
Protective clothing		1,120
Rent paid		5,710
Repairs and maintenance		41,063
Royalties and license fees		1,593
Small assets under R7,000		10,088
Subscriptions		1,933
Telephone and fax		20,401
Tour guides		550
Transport and freight		1,600
Travel - local		960
Website development		1,987
		766,799
Profit for the 7 months		1,193,600