

The Childrens Book Network Trust - NPO 163-927
(Registration number IT20964/2014)
Annual Financial Statements
for the year ended 28 February 2019

Hermanus Accounting
Chartered Accountant (SA)
Registered Auditor
Issued 15 May 2019

The Childrens Book Network Trust - NPO 163-927

(Registration number: IT20964/2014)

Annual Financial Statements for the year ended 28 February 2019

General Information

Country of incorporation and domicile	South Africa
Trustees	Roy Leon Zazeraj (Retiring Chair) Maurine Lesley Beake Anthony Gregorowski (Current Chair) Primrose Mrwebi Hildegard Witbooi Dave Mohr
Postal address	P.O. Box 121 Stanford 7210
Auditor	Hermanus Accounting Chartered Accountant (SA) Registered Auditor
Level of assurance	The annual financial statements are audited.

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

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Trustees' Responsibilities and Approval

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the trust 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 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 Standards 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 trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and places considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the trustees set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the trust and all employees are required to maintain the highest ethical standards in ensuring the trust's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the trust is on identifying, assessing, managing and monitoring all known forms of risk across the trust. While operating risk cannot be fully eliminated, the trust endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

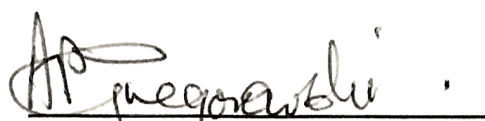

The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have reviewed the trust's cash flow forecast for the year to 28 February 2019 and, in the light of this review and the current financial position, they are satisfied that the trust has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently reviewing and reporting on the trust's annual financial statements. The annual financial statements have been examined by the trust's external auditor and their report is presented on page 3.

The annual financial statements have been prepared on the going concern basis. The annual financial statements set out on pages 6 to 11, were approved by the trustees on 15 May 2019 and were signed by them or on their behalf by:

Approval of financial statements


Anthony Gregorowski (Current Chair)
Maurine Lesley Beake

HERMANUS ACCOUNTING

Chartered Accountants
Geregistreeerde Rekenmeesters
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Independent Auditor's Report

To the trustees of The Childrens Book Network Trust - NPO 163-927

Opinion

I have audited the annual financial statements of The Childrens Book Network Trust - NPO 163-927 set out on pages 7 to 11, which comprise the statement of financial position as at 28 February 2019, and the statement of income and retained earnings, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In my opinion, the annual financial statements present fairly, in all material respects, the financial position of The Childrens Book Network Trust - NPO 163-927 as at 28 February 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the trusts deeds.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of my report. I am independent of the close corporation 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. I have fulfilled my 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). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The trustees are responsible for the other information. The other information comprises the Trustees' Report and Audit Committee Report as required by the trusts deeds, which we obtained prior to the date of this report. Other information does not include the annual financial statements and my auditor's report thereon.

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

In connection with my audit of the annual financial statements, my 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 my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed on the other information obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the trustees for the Annual Financial Statements

The trustees 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 trusts deeds, and for such internal control as the trustees 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 trustees are responsible for assessing the trust'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 trustees either intend to liquidate the trust or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report

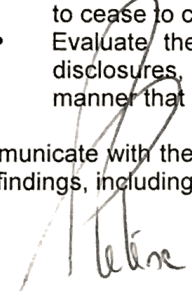
Auditor's responsibilities for the audit of the Annual Financial Statements

My 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 my 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' 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 trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the trust 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.

I communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Hermanus Accounting
Juan Pieterse
Partner
Chartered Accountant (SA)
Registered Auditor

15 May 2019
Hermanus

The Childrens Book Network Trust - NPO 163-927

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Trustees' Report

The trustees submit their report for the year ended 28 February 2019.

1. Review of activities

Main business and operations

Net profit of the trust was R54,557 (2018: profit R193,078), after taxation of R- (2018: R-).

2. Events after the reporting period

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

3. Trustees

The trustees of the trust during the year and to the date of this report are as follows:

Name	Changes
Roy Leon Zazeraj (Retiring Chair)	
Maurine Lesley Beake	
Anthony Gregorowski (Current Chair)	Trustee from Friday, 22 September 2017
Primrose Mrwebi	Trustee from Friday, 22 September 2017
Hildegard Witbooi	Trustee from Friday, 22 September 2017
Dave Mohr	Trustee from Monday, 08 January 2017

4. Auditor

Hermanus Accounting will continue in office for the next financial period.

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Statement of Financial Position as at 28 February 2019

Figures in Rand	Note(s)	2019	2018
Assets			
Current Assets			
Cash and cash equivalents	3	262,822	208,265
Total Assets		262,822	208,265
Trust capital			
Trust capital and reserves			
Initial donation		1,000	1,000
Retained income		261,822	207,265
		262,822	208,265
Total Equity and Liabilities		262,822	208,265

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Detailed Statement of Income and Retained Earnings

Figures in Rand	Note(s)	2019	2018
Revenue	4	446,514	321,523
Operating expenses			
Administration and management fees		(219,422)	(43,100)
Auditors remuneration	5	(4,575)	(5,562)
Bank charges		(7,594)	(2,303)
Books		-	(8,393)
Depreciation, amortisation and impairments		-	(834)
Fundraising expenses		-	(7,618)
Insurance		(4,662)	-
Lease rentals on operating lease		(8,000)	-
Monitoring and evaluation - Lotto		(46,495)	-
Office supplies		(4,932)	(414)
Printing and stationery		(12,000)	(10,249)
Refreshments		(4,063)	-
Security		(229)	-
Subscriptions		-	(150)
Telephone and fax		(11,658)	-
Toolbox		(18,837)	-
Travel - local		(16,830)	(4,437)
Website		(3,048)	(2,992)
Workshop expenses		(29,612)	(42,393)
		(391,957)	(128,445)
Profit for the year		54,557	193,078
Opening balance		207,266	14,186
Retained income at the end of the year		261,823	207,264

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Annual Financial Statements for the year ended 28 February 2019

Statement of Cash Flows

Figures in Rand	Note(s)	2019	2018
Cash flows from operating activities			
Cash generated from operations	6	54,557	193,912
Total cash movement for the year		54,557	193,912
Cash at the beginning of the year		208,265	14,353
Total cash at end of the year	3	262,822	208,265

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 trusts deeds. 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 Property, plant and equipment

Property, plant and equipment are tangible assets which the trust holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

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

Item	Depreciation method	Average useful life
IT equipment	Straight line	3 years

1.2 Financial instruments

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.

1.3 Revenue

Revenue is recognised to the extent that the trust 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 trust. 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.

1.4 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

2. Property, plant and equipment

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
IT equipment	7,498	(7,498)	-	7,498	(7,498)	-

Reconciliation of property, plant and equipment - 2018

	Opening balance	Depreciation	Closing balance
IT equipment	834	(834)	-

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,960	-
Bank balances	257,538	87,815
Lotto	3,324	120,450
	262,822	208,265

4. Revenue

Donations	5,000	178,423
Givengain	11,092	-
Gregorowski	1,800	-
Investec	49,500	-
JH Richards Will Trust	18,422	-
Joan St Leger	20,000	-
KPMG	250,700	-
Lotto Funding	90,000	120,500
Workshop income	-	22,600
	446,514	321,523

5. Auditor's remuneration

Fees	4,575	5,562
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6. Cash generated from operations

Profit before taxation	54,557	193,078
Adjustments for:		
Depreciation and amortisation	-	834
	54,557	193,912