

Shanduka Black Umbrellas (Association incorporated under section 21)
(Registration number 2005/002546/08)
Annual Financial Statements
for the year ended 30 June 2010

Wilder *WL* Lockitch
Chartered Accountants (SA)

Shanduka Black Umbrellas (Association incorporated under section 21)
Annual Financial Statements for the year ended 30 June 2010

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The support of emerging black owned businesses through enterprise development
Directors	YN Themba (Chairperson) M Frankel (Chief Executive Officer) DL Nicol CI Maisel RMD Sukha RM Brink MS Govender
Registered office	Unit B10 Century Square Heron Crescent Century City 7441
Business address (Cape Town)	2nd Floor, The Business Place Building 7 Anton Areelth Arcade Cape Town 8001
Business address (Johannesburg)	1st Floor, The Business Place Building 58 Marshall Street Marshalltown Johannesburg 2001
Auditors	Wilder Lockitch Chartered Accountants (S.A.) Registered Auditors
Company registration number	2005/002546/08

Shanduka Black Umbrellas (Association incorporated under section 21)
Annual Financial Statements for the year ended 30 June 2010

INDEX

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

Contents	Page
Independent Auditors' report	3 - 4
Directors' Responsibilities and Approval	5
Directors' Report	6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11 - 12
Notes to the Annual Financial Statements	13 - 16
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Statement of Financial Performance	17 - 18

INDEPENDENT AUDITORS' REPORT

To the members of Shanduka Black Umbrellas (Association incorporated under section 21)

We have audited the annual financial statements of Shanduka Black Umbrellas (Association incorporated under section 21), which comprise the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 6 to 16.

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, and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 audit opinion.

In common with similar organisations, it is not feasible for the organisation to institute accounting control over collection from donations prior to the initial entry of the collection in the accounting records. Accordingly, it was impractical for us to extend our examination beyond the receipts actually recorded.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Shanduka Black Umbrellas (Association incorporated under section 21) as at 30 June 2010, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard, and in the manner required by the Companies Act of South Africa, 1973.

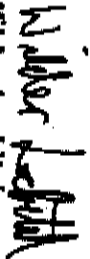
Independent Auditors' report

Other matter

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on pages 17 to 18 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.

Secretarial duties

Without qualifying our opinion, we draw your attention to the fact that with the written consent of all members, we have performed certain secretarial duties.


Wilder Lockitch
Registered Auditors

3 September 2010

Unit 810 Century Square
Heron Crescent
Century City
7441

Shanduka Black Umbrellas (Association incorporated under section 21)
Annual Financial Statements for the year ended 30 June 2010


DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa 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 year and the results of its operations and cash flows for the period then ended, in accordance with the International Financial Reporting Standard. The external auditors are engaged to express an independent opinion on the annual financial statements in conformity with International Auditing Standards.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard 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. 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 annual financial statements set out on pages 6 to 18, which have been prepared on the going concern basis, were approved by the board of directors on 30 August 2010 and were signed on their behalf by:



Director



Director

Shanduka Black Umbrellas (Association incorporated under section 21)
Annual Financial Statements for the year ended 30 June 2010
DIRECTORS' REPORT

The directors submit their report for the year ended 30 June 2010.

1. Review of activities

Main business and operations

The company is engaged in the support of emerging black owned businesses through enterprise development and operates in South Africa.

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

2. Post balance sheet events

No significant events took place between the end of the financial year under review and the date of signing these financial statements.

3. Authorised and issued share capital

The company does not use share capital, but is limited by guarantee.

4. Property, plant and equipment

There have been no major changes in the nature of the property, plant and equipment of the company during the financial year under review nor has there been any changes in the policy relating to their use.

5. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Changes
YN Themba	
M Frankel	
N Adraanse	
DL Nical	
CI Malsel	
RMJ Suktra	
RM Brink	
MS Goverder	

	Resigned 09 September 2009
	Appointed 25 January 2010
	Appointed 25 January 2010
	Appointed 01 June 2010

6. Auditors

Wilder Lockitch will continue in office in accordance with section 270(2) of the Companies Act.

Shanduka Black Umbrellas (Association incorporated under section 21)
 Annual Financial Statements for the year ended 30 June 2010

STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note	2010	2009
Assets			
Non-Current Assets			
Property, plant and equipment	2	1,023,592	699,810
Current Assets			
Trade and other receivables	3	598,824	239,499
Cash and cash equivalents	4	5,442,918	4,469,754
Total Assets		6,041,742	4,709,253
		7,065,334	5,409,063
Equity and Liabilities			
Equity			
Retained Income		6,735,629	5,189,853
Liabilities			
Current Liabilities			
Operating lease liability		13,957	4,689
Trade and other payables	5	315,748	214,521
		329,705	219,210
Total Equity and Liabilities		7,065,334	5,409,063

Shanduka Black Umbrellas (Association incorporated under section 21)
Annual Financial Statements for the year ended 30 June 2010

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note	2010	2009
Revenue			
Other income	6	9,442,300	7,583,897
Operating expenses		6,958	231,049
		(8,254,273)	(3,304,520)
Operating profit		1,194,985	4,510,426
Investment revenue	7		
Finance costs	8	350,791	69,666
	9	-	(1,471)
Profit for the year		1,545,776	4,578,621
Other comprehensive income		-	-
Total comprehensive income for the year		1,545,776	4,578,621

Shanduka Black Umbrellas (Association Incorporated under section 21)

Annual Financial Statements for the year ended 30 June 2010

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Share capital	Retained income	Total equity
Balance at 01 July 2008	-	611,232	611,232
Changes in equity			
Total comprehensive income for the year	-	4,578,621	4,578,621
Total changes	-	4,578,621	4,578,621
Balance at 01 July 2009	-	5,189,853	5,189,853
Changes in equity			
Total comprehensive income for the year	-	1,545,776	1,545,776
Total changes	-	1,545,776	1,545,776
Balance at 30 June 2010	-	6,735,629	6,735,629

Shanduka Black Umbrellas (Association incorporated under section 21)
Annual Financial Statements for the year ended 30 June 2010

STATEMENT OF CASH FLOWS

Figures in Rand	Note	2010	2009
Cash flows from operating activities			
Cash generated from operations	12	1,372,545	4,247,687
Interest income		350,791	69,666
Finance costs		-	(1,471)
Net cash from operating activities		1,723,336	4,315,882
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(836,888)	(564,777)
Sale of property, plant and equipment	2	93,406	42,804
Sale of financial assets		(6,690)	-
Net cash from investing activities		(750,172)	(521,973)
Total cash movement for the year			
Cash at the beginning of the year		973,164	3,793,909
		4,469,754	675,845
Total cash at end of the year	4	5,442,918	4,469,754

Shanduka Black Umbrellas (Association incorporated under section 21)
Annual Financial Statements for the year ended 30 June 2010

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard, and the Companies Act of South Africa, 1973. The annual 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 period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

1.2 Property, plant and equipment

- The cost of an item of property, plant and equipment is recognised as an asset when: are tangible items that:
- it is probable that the future economic benefits associated with the item will flow to the company; and
 - the cost of the item can be measured reliably.

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.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

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

Item	Average useful life
Furniture and fixtures	4.09 years
Motor vehicles	2.20 years
Office equipment	1.50 years
IT equipment	2.17 years
Computer software	1.50 years

The residual value and the useful life of each asset are reviewed at each financial period-end

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Shanduka Black Umbrellas (Association incorporated under section 21)
Annual Financial Statements for the year ended 30 June 2010

Accounting Policies

1.3 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period, 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.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

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

1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

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

Donations are recognised, in profit or loss, on receipt by the company whereby the donation is freely given and there are no specific conditions attached to the use therefore.

1.6 Borrowing costs

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

Shanduka Black Umbrellas (Association incorporated under section 21)
Annual Financial Statements for the year ended 30 June 2010

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand

2010

2009

2. Property, plant and equipment

	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	214,234	(70,428)	143,806	135,842	(11,800)	124,042
Motor vehicles	120,737	(25,669)	95,068	408,369	(131,989)	276,380
Office equipment	142,927	(61,179)	81,748	40,060	(38,280)	1,780
IT equipment	917,209	(246,551)	670,658	283,018	(16,277)	266,741
Computer software	91,031	(58,719)	32,312	69,592	(38,725)	30,867
Total	1,486,138	(462,546)	1,023,592	936,881	(237,071)	699,810

Reconciliation of property, plant and equipment - 2010

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	124,042	78,391	-	(58,627)	143,806
Motor vehicles	276,380	-	(98,544)	(82,768)	95,068
Office equipment	1,780	102,867	-	(22,899)	81,748
IT equipment	266,741	634,191	-	(230,274)	670,658
Computer software	30,867	21,439	-	(19,994)	32,312
	699,810	836,888	(98,544)	(414,562)	1,023,592

Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	20,297	114,704	-	(10,959)	124,042
Motor vehicles	224,878	120,737	-	(69,235)	276,380
Office equipment	42,754	-	(11,749)	(29,225)	1,780
IT equipment	6,827	283,017	(3,687)	(19,416)	266,741
Computer software	21,957	46,319	-	(37,409)	30,867
	316,713	564,777	(15,436)	(166,244)	699,810

3. Trade and other receivables

Trade receivables	33,621	73,212
Prepayments	69,541	3,391
Deposits	65,792	46,652
VAT	118,015	116,244
Other receivables	311,855	-
	598,824	239,499

Shanduka Black Umbrellas (Association Incorporated under section 21)
Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand

2010

2009

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	2,000	2,000
Bank balances	5,438,053	4,464,891
Short-term deposits	2,865	2,863
	5,442,918	4,469,754

5. Trade and other payables

Trade payables	3	(1)
Amounts received in advance	-	11,893
Accrued leave pay	44,770	37,057
Accrued bonus	17,035	-
Accrued expenses	201,940	130,572
Accrued audit fees	52,000	35,000
	315,748	214,521

6. Revenue

Rendering of services	362,980	233,281
Donations Received	9,079,320	7,350,616
	9,442,300	7,583,897

7. Operating profit

Operating profit for the year is stated after accounting for the following:

Operating lease charges		
Premises		
• Straight-lined amount	323,356	135,473
(Loss) profit on sale of property, plant and equipment	(5,138)	27,368
Depreciation on property, plant and equipment	414,562	166,245
Employee costs	1,844,664	794,601

8. Investment revenue

Interest revenue		
Bank	350,791	69,666

9. Finance costs

Late payment of tax	-	1,471
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Shanduka Black Umbrellas (Association incorporated under section 21)
Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand

2010

2009

10. Taxation

Major components of the tax expense

No provision has been made for 2010 tax as the association has been approved as a Public Benefit Organisation in terms of Section 30 of the Income Tax Act and the receipts and accruals are exempt in terms of Section 10 (1) (GN) of the Act.

11. Auditors' remuneration

Fees	55,067	35,000
Tax and secretarial services	-	1,793
	55,067	36,793

12. Cash generated from operations

Profit before taxation	1,545,776	4,578,621
Adjustments for:		
Depreciation and amortisation	414,562	166,245
Loss (profit) on sale of assets	5,138	(27,368)
Loss on foreign exchange	6,690	-
Interest received	(350,791)	(69,666)
Finance costs	-	1,471
Movements in operating lease assets and accruals	9,268	(3,210)
Changes in working capital:		
Trade and other receivables	(359,325)	103,219
Trade and other payables	101,227	(501,625)
	1,372,545	4,247,687

13. Related parties

Relationships
Directors

YN Themba
M Frankel
CI Maisel
DL Ntsoal
RM Suktha
RM Brink
MS Govender

Control by CI Maisel

Innovation Shack CC

Related party transactions

Consulting fees paid to (received from) related parties
Innovation Shack CC

636,556

437,772

Shanduka Black Umbrellas (Association incorporated under section 21)
 Annual Financial Statements for the year ended 30 June 2010

Notes to the Annual Financial Statements

Figures in Rand

2010

2009

**14. Directors' emoluments
 Executive**

2010	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
For services as directors	165,900	-	-	-	165,900

2009	Emoluments	Pension paid or receivable	Compensation for loss of office	Gain on exercise of options	Total
For services as directors	70,338	-	-	-	70,338

Shanduka Black Umbrellas (Association incorporated under section 21)
 Annual Financial Statements for the year ended 30 June 2010

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note	2010	2009
Revenue			
Rendering of services		362,980	233,281
Donations received		9,079,320	7,350,616
	6	9,442,300	7,583,897
Other income			
Other income		6,958	203,681
Interest received	8	350,791	69,666
Gains on disposal of assets		-	27,368
		357,749	300,715
Expenses (Refer to page 18)			
		(8,254,273)	(3,304,520)
Operating profit	7	1,545,776	4,580,092
Finance costs	9	-	(1,471)
Profit for the year		1,545,776	4,578,621

Shanduka Black Umbrellas (Association Incorporated under section 21)
Annual Financial Statements for the year ended 30 June 2010

Statement of Financial Performance

Figures in Rand	Note	2010	2009
Operating expenses			
Accounting fees		374,963	191,400
Advertising		2,005,806	333,048
Auditors remuneration	11	55,067	36,793
Bad debts		-	117,117
Bank charges		25,020	9,576
Black Pages expenses		928,426	-
Cleaning		768	-
Computer expenses		67,772	36,649
Consulting and professional fees		797,126	437,772
Consumables		6,143	-
Depreciation, amortisation and impairments		414,562	166,245
Disbursements on behalf of the Department of Social Welfare and Development projects		-	426,008
Employee costs		1,844,664	794,601
Entertainment		4,856	3,026
Insurance		41,531	24,571
Launch costs		211,140	-
Lease rentals on operating lease		323,356	135,473
Legal expenses		-	9,427
Local design		-	1,754
Loss on disposal of assets		5,138	-
Loss on exchange differences		6,690	-
MSR Transport		-	15,274
Motor vehicle expenses		63,311	25,893
Office supplies		15,321	5,683
Other expenses		40,899	50
Petrol and oil		55,481	95,020
Postage		691	1,374
Printing and stationery		68,894	37,747
Project management		29,560	32,583
Provision for bad debts		61,934	106,578
Recruitment costs		131,740	9,000
Refreshments		28,923	20,778
Repairs and maintenance		102,408	29,935
Security		14,357	4,158
Subscriptions		27,194	11,487
Telephone and fax		300,051	89,651
Training		10,080	-
Transport and freight		92,733	43,805
Travel - local		69,596	43,721
Utilities		28,122	8,323
		8,254,273	3,304,520