

Shanduka Black Umbrellas NPC
(Registration number 2005/002546/08)
Annual Financial Statements
for the year ended 30 June 2011

Wilder *WL* Lockitch

Chartered Accountants (SA)

Shanduka Black Umbrellas NPC

Annual Financial Statements for the year ended 30 June 2011

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The support of emerging 100% black owned businesses through enterprise development
Directors	YN Themba (Chairperson) M Frankel (Chief Executive Officer) DL Nicol CI Maisel RMJ Sukha MS Govender
Registered office	Unit B10 Century Square Heron Crescent Century City 7441
Business address (Cape Town)	2nd Floor 7 Anton Anreith Arcade Cape Town 8001
Postal address	PO Box 13125 Woodstock 7915
Auditors	Wilder Lockitch Chartered Accountants (S.A.) Registered Auditors
Company registration number	2005/002546/08

Shanduka Black Umbrellas NPC

Annual Financial Statements for the year ended 30 June 2011

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

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Shanduka Black Umbrellas NPC

Annual Financial Statements for the year ended 30 June 2011

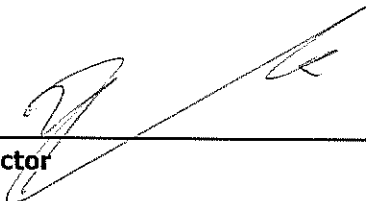
DIRECTORS' RESPONSIBILITIES AND APPROVAL

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 conformity with the International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

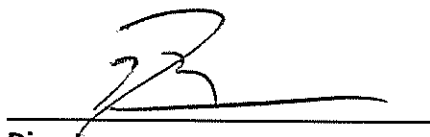
The annual financial statements are prepared in accordance with the International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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 annual financial statements and supplementary information set out on pages 6 to 18, which have been prepared on the going concern basis, were approved by the board of directors on 13 SEPTEMBER 2011 and are signed on their behalf by:



Director



Director

INDEPENDENT AUDITORS' REPORT

To the members of Shanduka Black Umbrellas NPC

We have audited the annual financial statements of Shanduka Black Umbrellas NPC, which comprise the statement of financial position as at 30 June 2011, 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 Standards, and in the manner required by the Companies Act of South Africa. 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 NPC as at 30 June 2011, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

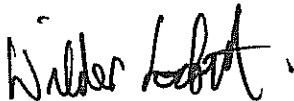
Supplementary Information

Without qualifying our opinion, we draw attention to the fact that 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.

Independent Auditors' Report

Secretarial Duties

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



**Wilder Lockitch
Registered Auditors**

13 SEPTEMBER 2011

**Unit B10 Century Square
Heron Crescent
Century City
7441**

Shanduka Black Umbrellas NPC

Annual Financial Statements for the year ended 30 June 2011

DIRECTORS' REPORT

The directors submit their report for the year ended 30 June 2011.

1. Review of activities

Main business and operations

The company is engaged in the support of emerging 100% 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. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

3. Authorised and issued share capital

The company has no share capital, but is limited by guarantee.

4. Non-current assets

There have been no major changes in the nature of the non-current assets 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	
DL Nicol	
CI Maisel	
RMJ Sukha	
RM Brink	Resigned 30/08/2010
MS Govender	

6. Auditors

Wilder Lockitch will continue in office in accordance with section 90(6) of the Companies Act, 71 of 2008.

Shanduka Black Umbrellas NPC

Annual Financial Statements for the year ended 30 June 2011

STATEMENT OF FINANCIAL POSITION

Figures in Rand	Note	2011	2010
Assets			
Non-Current Assets			
Property, plant and equipment	2	997,950	1,023,592
Current Assets			
Trade and other receivables	3	486,588	598,824
Cash and cash equivalents	4	8,927,105	5,442,918
		9,413,693	6,041,742
Total Assets		10,411,643	7,065,334
Equity and Liabilities			
Equity			
Retained income		9,624,534	6,735,629
Liabilities			
Current Liabilities			
Operating lease liability		47,825	13,957
Trade and other payables	5	739,284	315,748
		787,109	329,705
Total Equity and Liabilities		10,411,643	7,065,334

Shanduka Black Umbrellas NPC

Annual Financial Statements for the year ended 30 June 2011

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note	2011	2010
Revenue	6	13,632,705	9,442,300
Other income		151,999	6,958
Operating expenses		(11,269,230)	(8,254,272)
Operating profit	7	2,515,474	1,194,986
Investment revenue	8	373,673	350,791
Finance costs	9	(242)	-
Profit for the year		2,888,905	1,545,777

Shanduka Black Umbrellas NPC

Annual Financial Statements for the year ended 30 June 2011

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Retained income	Total equity
Balance at 01 July 2009	5,189,852	5,189,852
Changes in equity		
Total comprehensive income for the year	1,545,777	1,545,777
Total changes	1,545,777	1,545,777
Balance at 01 July 2010	6,735,629	6,735,629
Changes in equity		
Total comprehensive income for the year	2,888,905	2,888,905
Total changes	2,888,905	2,888,905
Balance at 30 June 2011	9,624,534	9,624,534

Shanduka Black Umbrellas NPC

Annual Financial Statements for the year ended 30 June 2011

STATEMENT OF CASH FLOWS

Figures in Rand	Note	2011	2010
Cash flows from operating activities			
Cash generated from operations	12	3,690,095	1,372,545
Interest income		373,673	350,791
Finance costs		(242)	-
Net cash from operating activities		4,063,526	1,723,336
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(670,339)	(836,888)
Sale of property, plant and equipment	2	91,000	93,406
Sale of financial assets		-	(6,690)
Net cash from investing activities		(579,339)	(750,172)
Total cash movement for the year		3,484,187	973,164
Cash at the beginning of the year		5,442,918	4,469,754
Total cash at end of the year	4	8,927,105	5,442,918

Shanduka Black Umbrellas NPC

Annual Financial Statements for the year ended 30 June 2011

ACCOUNTING POLICIES

1. Presentation of Annual Financial Statements

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

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

Property, plant and equipment are tangible items where:

- it is possible 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.

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
Furniture and fixtures	2.83 years
Office equipment	3.14 years
IT equipment	2.84 years
Computer software	2.64 years

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

Shanduka Black Umbrellas NPC

Annual Financial Statements for the year ended 30 June 2011

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 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.

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 asset or 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 goods and 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 NPC

Annual Financial Statements for the year ended 30 June 2011

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand 2011 2010

2. Property, plant and equipment

	2011			2010		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	361,070	(181,992)	179,078	214,234	(70,428)	143,806
Motor vehicles	-	-	-	120,737	(25,669)	95,068
Office equipment	331,600	(125,847)	205,753	142,927	(61,179)	81,748
IT equipment	1,184,728	(618,851)	565,877	917,209	(246,551)	670,658
Computer software	139,268	(92,026)	47,242	91,031	(58,719)	32,312
Total	2,016,666	(1,018,716)	997,950	1,486,138	(462,546)	1,023,592

Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Disposals	Depreciation	Total
Furniture and fixtures	143,806	146,836	-	(111,564)	179,078
Motor vehicles	95,068	-	(91,043)	(4,025)	-
Office equipment	81,748	207,746	-	(83,741)	205,753
IT equipment	670,658	267,591	-	(372,372)	565,877
Computer software	32,312	48,166	-	(33,236)	47,242
	1,023,592	670,339	(91,043)	(604,938)	997,950

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

3. Trade and other receivables

Trade receivables	68,473	33,621
Prepayments	92,395	69,541
Deposits	125,582	65,792
VAT	103,824	118,015
Other receivables	96,314	311,855
	486,588	598,824

Shanduka Black Umbrellas NPC

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
4. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	4,000	2,000
Bank balances	8,920,238	5,438,053
Short-term deposits	2,867	2,865
	8,927,105	5,442,918
5. Trade and other payables		
Trade payables	4,363	3
Amounts received in advance	20,350	-
Accrued leave pay	98,372	44,770
Accrued bonus	209,833	17,035
Accrued expenses	298,933	201,940
Other accrued expenses	57,483	-
Accrued audit fees	49,950	52,000
	739,284	315,748
6. Revenue		
Rendering of services	487,407	362,980
Donations received	13,145,298	9,079,320
	13,632,705	9,442,300
7. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Straight-lined amount	630,591	323,356
Loss on sale of property, plant and equipment	43	5,138
Depreciation on property, plant and equipment	604,938	414,562
Employee costs	4,456,290	1,844,664
8. Investment revenue		
Interest revenue		
Bank	373,673	350,791
9. Finance costs		
Late payment of tax	222	-
Bank	20	-
	242	-

Shanduka Black Umbrellas NPC

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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10. Taxation

No provision has been made for the 2011 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) (cN) of the Act.

11. Auditors' remuneration

Fees	34,993	55,067
Tax and secretarial services	2,435	-
	37,428	55,067

12. Cash generated from operations

Profit before taxation	2,888,905	1,545,777
Adjustments for:		
Depreciation and amortisation	604,938	414,562
Loss on sale of assets	43	5,138
Loss on foreign exchange	-	6,690
Interest received	(373,673)	(350,791)
Finance costs	242	-
Movements in operating lease assets and accruals	33,868	9,268
Changes in working capital:		
Trade and other receivables	112,236	(359,325)
Trade and other payables	423,536	101,226
	3,690,095	1,372,545

13. Related parties

Relationships

Directors

YN Themba

M Frankel

CI Maisel

DL Nicol

RM Sukha

MS Govender

Control by CI Maisel

Innovation Shack Close Corporation

Related party transactions

Consulting fees paid to related parties

Innovation Shack Close Corporation	863,791	636,556
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Shanduka Black Umbrellas NPC

Annual Financial Statements for the year ended 30 June 2011

Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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14. Directors' emoluments

Executive

2011		Emoluments
For services as directors		883,852

2010		Emoluments
For services as directors		165,900

15. Comparative figures

Certain comparative figures have been reclassified.

Shanduka Black Umbrellas NPC

Annual Financial Statements for the year ended 30 June 2011

STATEMENT OF FINANCIAL PERFORMANCE

Figures in Rand	Note	2011	2010
Revenue			
Rendering of services		487,407	362,980
Donations received		13,145,298	9,079,320
	6	13,632,705	9,442,300
Other income			
Other income		151,999	6,958
Interest received	8	373,673	350,791
		525,672	357,749
Expenses (Refer to page 18)		(11,269,230)	(8,254,272)
Operating profit	7	2,889,147	1,545,777
Finance costs	9	(242)	-
Profit for the year		2,888,905	1,545,777

Shanduka Black Umbrellas NPC

Annual Financial Statements for the year ended 30 June 2011

Statement of Financial Performance

Figures in Rand	Note	2011	2010
Operating expenses			
Advertising and public relations		686,135	2,216,946
Annual report		26,885	-
Auditors' remuneration	11	37,428	55,067
Bank charges		31,706	25,020
Blackpages expenses		1,159,242	928,426
Bookkeeping fees		472,801	374,963
Cleaning		12,436	768
Computer expenses		243,164	67,722
Consumables		14,630	6,143
Depreciation		604,938	414,562
Employee costs		4,456,290	1,844,664
Entertainment		16,412	4,856
Fundraising costs		811,791	797,125
Grants to SMMEs		474,731	29,560
Insurance		35,540	41,531
Lease rentals on operating lease		630,591	323,356
Legal expenses		2,000	-
Loss on disposal of assets		43	5,138
Loss on exchange differences		-	6,690
Motor vehicle expenses		331,464	211,525
Other expenses		-	40,899
Postage		666	691
Printing and stationery		71,781	68,894
Provision for bad debts		28,550	61,934
Recruitment costs		154,060	131,740
Refreshments		32,674	44,244
Repairs and maintenance		22,027	102,408
Security		53,596	14,357
Subscriptions		42,201	27,194
Telephone and fax		367,940	300,051
Training		180,458	10,080
Travel - local		162,348	69,596
Utilities		104,702	28,122
		11,269,230	8,254,272