

**THE SOUTH AFRICAN NATIONAL COUNCIL FOR THE BLIND  
(Registration number NPO 001-422)  
Annual financial statements  
for the year ended 31/03/2016**

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## General Information

---

<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	The Council operates and raises funds to assist the blind and partially-sighted persons in the Republic of South Africa
<b>Registered office</b>	514 White Street Baileys Street Pretoria 0028
<b>Business address</b>	514 White Street Baileys Street Pretoria 0028
<b>Postal address</b>	P.O. Box 11149 Hatfield 0028
<b>Bankers</b>	The Standard Bank of South Africa
<b>Auditors</b>	Nexia SAB&T Chartered Accountants (S.A.) Registered Auditors
<b>Company registration number</b>	NPO 001-422
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Constitution of the Council.

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Index

---

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

<b>Index</b>	<b>Page</b>
Management Committee's Responsibilities and Approval	3
Independent Auditor's Report	4 - 5
Management Committee's Report	6 - 7
Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Funds	10
Statement of Cash Flows	11
Accounting Policies	12 - 16
Notes to the Annual Financial Statements	17 - 22
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	23

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Management Committee's Responsibilities and Approval

---

The National Management Committee is required by the Constitution of the Council to maintain adequate accounting records and is 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 council 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 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 judgments and estimates.

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

The National Management Committee 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 National Management Committee have reviewed the council's cash flow forecast for the year to 31/03/2017 and, in the light of this review and the current financial position, they are satisfied that the council has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the council's annual financial statements. The annual financial statements have been examined by the council's external auditors and their report is presented on page 4.

The annual financial statements and supplementary information set out on pages 6 to 23, which have been prepared on the going concern basis, were approved by the council on 20 October 2016 and were signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

Pretoria

Date: 2016/10/21

## Independent Auditors' Report

### To the Management Committee of The South African National Council for the Blind

We have audited the annual financial statements of The South African National Council for the Blind, as set out on pages 6 to 22, which comprise the Management Committee's Report, the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

### Management Committees' Responsibility for the Annual Financial Statements

The council's Management Committee 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 Constitution of the Council, and for such internal control as the Management Committee 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.

### Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of The South African National Council for the Blind as at 31 March 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Constitution of the Council.

## Independent Auditors' Report

---

### Supplementary information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 23 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 Constitution of the Council

As part of our audit of the annual financial statements for the year ended 31 March 2016, we have read the Management Committee's Report for the purpose of identifying whether there are material inconsistencies between this report and the audited financial statements. This report is the responsibility of the respective preparers. Based on our reading of the report we have not identified material inconsistencies between the report and the audited financial statements. However, we have not audited this reports and accordingly do not express an opinion on these reports.

*Nexia SAB&T*

**Nexia SAB&T**  
**Registered Auditors**  
**Chartered accountants (SA)**

**Per: S Ismail**  
**Director**

**Date: 20 October 2016**

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Management Committee's Report

---

The National Management Committee have pleasure in submitting their report on the annual financial statements of The South African National Council for the Blind for the year ended 31/03/2016.

### 1. Nature of business

The South African National Council for the Blind was founded in 1929 and serves as the umbrella body, combining the work of the nine Provincial Executive Committees for the Blind and most blindness related organisations in South Africa. It operates and raises funds to assist the blind and partially-sighted persons in the Republic of South Africa.

There have been no material changes to the nature of the council's business from the prior year.

### 2. Review of activities

#### Main business and operations

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Constitution of the Council. The accounting policies have been applied consistently compared to the prior year.

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

Net surplus of the council was R 9 824 300 (2015: R 4 764 372 surplus).

### 3. Going concern

The National Management Committee believes that the council has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The National Management Committee has satisfied themselves that the council is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The National Management Committee is not aware of any new material changes that may adversely impact the council. The National Management Committee is also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the council.

### 4. Events after the reporting period

The National Management Committee 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.

### 5. Non-current assets

There were no major changes in the nature of the non-current assets of the council during the year.

### 6. Auditors

In accordance with Section 90 of the Companies Act 2008, the National Management Committee approved Nexia SAB&T to continue in office as auditors for the ensuing financial year.

### 7. National Executive and National Management Committee Structure

#### National Executive Committee

The National Executive Committee members are nominated by the Provincial Plenary Councils and are appointed at provincial meetings of affiliates. Additional members are co-opted with various bodies each nominating a representative. The National Chairman, Deputy Chairman and Treasurer are elected from amongst its membership. The National Executive Committee is responsible for approving the policies and procedures of the organisation as prescribed in the constitution of the South African National Council for the Blind. The National Executive Committee meets twice a year to review the strategy and operations of the Council as well as its financial performance.

# **The South African National Council for the Blind**

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## **Management Committee's Report**

---

### **National Management Committee**

The National Management Committee comprises members elected by the National Executive Committee from amongst its own membership to fulfil and discharge National Executive Committee responsibilities for the operational management of the South African National Council for the Blind. Key members of the Committee include the Chairman, Deputy Chairman and the Treasurer, while the Executive Director attends in an ex officio capacity and divisional national management by established practice.

The National Management Committee meets at least bi-annually to discharge its duties. In order for the Committee to discharge its responsibilities, management has developed and continue to maintain a system of internal control and review of its operations.



# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Statement of Financial Position as at 31/03/2016

	Note(s)	2016 R	2015 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Investment property	2	3 783 138	3 157 895
Property, plant and equipment	3	3 349 968	2 266 556
		<u>7 133 106</u>	<u>5 424 451</u>
<b>Current Assets</b>			
Inventories	4	2 162 776	2 264 729
Other financial assets	5	1 122 319	989 452
Trade and other receivables	6	2 546 197	1 777 297
Cash and cash equivalents	7	15 515 420	5 291 253
		<u>21 346 712</u>	<u>10 322 731</u>
<b>Total Assets</b>		<u><b>28 479 818</b></u>	<u><b>15 747 182</b></u>
<b>Funds and Liabilities</b>			
<b>Funds</b>			
Accumulated surplus		<u>19 368 990</u>	<u>9 544 690</u>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Loans from group companies	8	<u>1 331 431</u>	<u>1 401 048</u>
<b>Current Liabilities</b>			
Trade and other payables	9	2 090 760	1 227 108
Deferred income	10	5 688 637	3 574 336
		<u>7 779 397</u>	<u>4 801 444</u>
<b>Total Liabilities</b>		<u><b>9 110 828</b></u>	<u><b>6 202 492</b></u>
<b>Total Funds and Liabilities</b>		<u><b>28 479 818</b></u>	<u><b>15 747 182</b></u>

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Statement of Comprehensive Income

	Note(s)	2016 R	2015 R
Revenue	11	41 841 037	33 172 178
Cost of sales	12	(12 220 016)	(10 843 301)
<b>Gross surplus</b>		<b>29 621 021</b>	<b>22 328 877</b>
Other income		1 628 257	2 532 337
Operating expenses		(22 182 991)	(21 248 348)
<b>Operating surplus</b>	13	<b>9 066 287</b>	<b>3 612 866</b>
Investment revenue	14	144 436	18 837
Fair value adjustments	15	613 577	1 132 669
<b>Surplus for the year</b>		<b>9 824 300</b>	<b>4 764 372</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>9 824 300</b>	<b>4 764 372</b>

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Statement of Changes in Funds

	<b>Accumulated surplus</b>	<b>Total funds</b>
	<b>R</b>	<b>R</b>
<b>Balance at 01/04/2014</b>	<b>4 780 318</b>	<b>4 780 318</b>
Surplus for the year	4 764 372	4 764 372
<b>Total comprehensive income for the year</b>	<b>4 764 372</b>	<b>4 764 372</b>
<b>Balance at 01/04/2015</b>	<b>9 544 690</b>	<b>9 544 690</b>
Surplus for the year	9 824 300	9 824 300
<b>Total comprehensive income for the year</b>	<b>9 824 300</b>	<b>9 824 300</b>
<b>Balance at 31/03/2016</b>	<b>19 368 990</b>	<b>19 368 990</b>

Note(s)

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Statement of Cash Flows

	Note(s)	2016 R	2015 R
<b>Cash flows from operating activities</b>			
Cash receipts from funders and customers		41 613 425	31 322 587
Cash paid to suppliers and employees		(30 005 969)	(28 356 256)
Cash generated from operations	17	11 607 456	2 966 331
Interest income		144 436	18 837
<b>Net cash from operating activities</b>		<b>11 751 892</b>	<b>2 985 168</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(1 554 402)	(574 320)
Net proceeds on sale of property, plant and equipment	3	100 122	1 220
Loans to group companies repaid		(59 615)	400 888
Movement in financial assets		(3 830)	(2 432)
<b>Net cash from investing activities</b>		<b>(1 527 725)</b>	<b>(174 644)</b>
<b>Total cash movement for the year</b>		<b>10 224 167</b>	<b>2 810 524</b>
Cash at the beginning of the year		5 291 253	2 480 729
<b>Total cash at end of the year</b>	7	<b>15 515 420</b>	<b>5 291 253</b>

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## 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 Constitution of the Council. 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:

##### **Trade receivables, Held to maturity investments and Loans and receivables**

The company assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

##### **Allowance for slow moving, damaged and obsolete stock**

Management assesses whether inventory is impaired by comparing its cost to its estimated selling price less costs to complete and sell. Where an impairment is necessary, inventory items are written down to selling price less costs to complete and sell. The write down is included in cost of sales.

##### **Impairment testing**

The council reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

#### 1.2 Investment property

Investment property is land and buildings held to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. In addition, only investment property whose fair value can be measured reliably without undue cost or effort on an ongoing basis is included in investment property. All other investment property is included in property, plant and equipment.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially to acquire an investment property 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 investment property, the carrying amount of the replaced item is derecognised.

After initial recognition, investment property is measured at fair value at each reporting date with changes in fair value recognised in surplus or deficit.

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Accounting Policies

---

### 1.3 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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.

Property, plant and equipment is depreciated on the straight line basis over their expected useful lives to their estimated residual value.

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

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

<b>Item</b>	<b>Average useful life</b>
Land	Indefinite useful life
Buildings	44 years
Furniture and fixtures	5 years
Motor vehicles	5 years
IT equipment	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.

The depreciation charge for each period is recognised in surplus or deficit 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 surplus or deficit 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.

### 1.4 Financial instruments

#### Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through surplus or deficit are recognised in surplus or deficit.

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Accounting Policies

---

### 1.4 Financial instruments (continued)

#### Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Net gains or losses on the financial instruments at fair value through surplus or deficit exclude dividends and interest.

Dividend income is recognised in surplus or deficit as part of other income when the company's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

#### Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

#### Impairment of financial assets

At each reporting date the company assesses all financial assets, other than those at fair value through surplus or deficit, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the company, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in surplus or deficit.

Impairment losses are recognised in surplus or deficit.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or deficit except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

#### Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Accounting Policies

---

### 1.4 Financial instruments (continued)

#### Loans to directors, managers and employees

These financial assets are classified as loans and receivables.

### 1.5 Leases

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

#### Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term except in cases where another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or where the payments are structured to increase in line with expected general inflation.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

#### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except in cases where another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or where the payments are structured to increase in line with expected general inflation.

### 1.6 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

### 1.7 Impairment of assets

The council assesses at each end of the reporting period whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in surplus or deficit.

### 1.8 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.



# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Accounting Policies

---

### 1.9 Provisions and contingencies

Provisions are recognised when:

- the council has a present obligation as a result of a past event;
- it is probable that the council will be required to transfer economic benefits in settlement; and
- a reliable estimate can be made of the obligation.

Contingent assets and contingent liabilities are not recognised.

### 1.10 Government grants

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.

### 1.11 Revenue

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

- the council has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the council 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 council; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the council;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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 surplus or deficit, using the effective interest rate method.

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Notes to the Annual Financial Statements

	2016 R	2015 R
<b>2. Investment property</b>		

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	3 783 138	-	3 783 138	3 157 895	-	3 157 895

### Reconciliation of investment property - 2016

	Opening balance	Fair value adjustments	Total
Investment property	3 157 895	625 243	3 783 138

### Reconciliation of investment property - 2015

	Opening balance	Fair value adjustments	Total
Investment property	2 074 074	1 083 821	3 157 895

### Details of property

#### 47 Nicholson Street, Baileys Muckleneuk at cost price

Deed of transfer number T41454/89.

- Purchase price: 1 December 2005	163 043	163 043
- Additions since purchase or valuation	286 957	286 957
- Capitalised expenditure	174 541	174 541
	<b>624 541</b>	<b>624 541</b>

During the period ending 2014, property valued at the cost of R 624 541 was transferred to Investment property at its carry amount of R 255 494.

The property has since been re-valued to R 3 783 138 (2015; R 3 157 895).

The discounted cash-flow method of valuation will be used to determine the value as well as reference to prevailing market values for similar properties on the market in the area.

### 3. Property, plant and equipment

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	163 043	-	163 043	163 043	-	163 043
Buildings	3 560 673	(2 585 231)	975 442	3 560 673	(2 504 306)	1 056 367
Furniture and fixtures	3 543 488	(1 817 581)	1 725 907	2 226 037	(1 652 086)	573 951
Motor vehicles	2 695 584	(2 368 641)	326 943	2 894 005	(2 426 488)	467 517
IT equipment	969 788	(811 133)	158 655	792 452	(786 774)	5 678
<b>Total</b>	<b>10 932 554</b>	<b>(7 582 586)</b>	<b>3 349 968</b>	<b>9 636 210</b>	<b>(7 369 654)</b>	<b>2 266 556</b>

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Notes to the Annual Financial Statements

	2016 R	2015 R			
<b>3. Property, plant and equipment (continued)</b>					
<b>Reconciliation of property, plant and equipment - 2016</b>					
	<b>Opening balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Depreciation</b>	<b>Total</b>
Land	163 043	-	-	-	163 043
Buildings	1 056 367	-	-	(80 925)	975 442
Furniture and fixtures	573 951	1 317 452	-	(165 496)	1 725 907
Motor vehicles	467 517	59 636	(34 593)	(165 617)	326 943
IT equipment	5 678	177 314	-	(24 359)	158 633
	<b>2 266 556</b>	<b>1 554 402</b>	<b>(34 593)</b>	<b>(436 397)</b>	<b>3 349 968</b>
<b>Reconciliation of property, plant and equipment - 2015</b>					
	<b>Opening balance</b>	<b>Additions</b>		<b>Depreciation</b>	<b>Total</b>
Land	163 043	-		-	163 043
Buildings	1 137 292	-		(80 925)	1 056 367
Furniture and fixtures	138 168	574 320		(138 537)	573 951
Motor vehicles	666 695	-		(199 178)	467 517
IT equipment	10 785	-		(5 107)	5 678
	<b>2 115 983</b>	<b>574 320</b>		<b>(423 747)</b>	<b>2 266 556</b>
<b>4. Inventories</b>					
Merchandise				2 162 776	2 264 729
<b>5. Other financial assets</b>					
<b>At fair value through surplus or deficit - designated</b>					
Listed investment portfolio				1 122 319	989 452
During the year under review, the organisation did not sell any of its shares, only fair value adjustments were made.					
<b>Current assets</b>					
At fair value through surplus or deficit				1 122 319	989 452
<b>Details of investments</b>					
<b>Listed - at fair value</b>					
Asset Swap Gbl Prop Class (USD)				330 136	287 100
Asset Swap Pan Asian Class (USD)				228 252	208 904
MD Global Equity Fund (USD)				448 786	381 578
<b>Unlisted - at cost</b>					
Money Market Account				115 145	111 870
				<b>1 122 319</b>	<b>989 452</b>

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Notes to the Annual Financial Statements

	2016 R	2015 R
<b>6. Trade and other receivables</b>		
Trade receivables	1 675 715	1 448 102
Deposits	78 442	78 442
South African Revenue Services - VAT	792 040	250 753
	<u>2 546 197</u>	<u>1 777 297</u>
<b>7. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	8 122	5 350
Bank balances	15 458 214	5 236 819
Money Market Account - Bequest	49 084	49 084
	<u>15 515 420</u>	<u>5 291 253</u>
Cash and bank earns interest at floating rates based on a daily bank deposit rate.		
Included in the bank balances are funds held on behalf of Optima College as it did not maintain a bank account during the period.		
<b>8. Loans to (from) group companies</b>		
<b>Subsidiaries</b>		
SANCB Optima College	(1 884 894)	(1 401 048)
The loan account relates to expenses borne on behalf of SANCB Optima College and income received through the South African National Council for the Blind (SANCB). The loan does not bear interest.		
SANCB Trust	553 463	-
The loan account relates to distributions from SANCB which is dependant on the needs of the trust as determined by the council, as well as the performance of the financial assets.		
	<u>(1 331 431)</u>	<u>(1 401 048)</u>
Non-current assets	553 463	-
Non-current liabilities	(1 884 894)	(1 401 048)
	<u>(1 331 431)</u>	<u>(1 401 048)</u>
<b>9. Trade and other payables</b>		
Trade payables	423 882	541 694
Amounts received in advance	75 000	75 000
Other payables	60 142	42 039
Leave pay	455 001	469 330
Accruals	624 652	99 045
Payroll creditors	452 083	-
	<u>2 090 760</u>	<u>1 227 108</u>

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Notes to the Annual Financial Statements

	2016 R	2015 R
<b>10. Deferred income</b>		
Deferred income arose from unutilised Government grants provided to the council during the period as part of government assistance to benefit the entity.		
The grants are recognised subject to fulfillment of the terms and conditions and other contingencies attached to the grant agreement.		
Unutilised conditional funds	5 155 675	2 626 163
Prepaid receipts from resource centre sales	532 961	948 173
	<u>5 688 636</u>	<u>3 574 336</u>
Income received in advance arose as a result of the following transactions:		
1. Money received from customers for goods which were not yet invoiced and delivered at year end.		
2. Government grants recognised in the annual financial statements and any other forms of government assistance from which the entity has directly benefited; for which a portion remains unutilised at financial year end. The terms of the agreements stipulate that the Council shall recognise such portion of grant funding to the extent the condition is fulfilled.		
<b>11. Revenue</b>		
Sales - Resource Center	5 537 809	5 580 760
Sales Other Activities	4 260 638	4 180 885
Donations and fundraising	28 500 082	19 159 682
Distributions from SANCB Trust	-	900 000
Government Grants	3 542 508	3 350 851
	<u>41 841 037</u>	<u>33 172 178</u>
<b>12. Cost of sales</b>		
<b>Sale of goods</b>		
Cost of goods sold	<u>4 296 043</u>	<u>2 428 419</u>
<b>Rendering of services</b>		
Project costs	5 858 663	5 940 003
Direct Mail Appeals	2 065 310	2 474 879
	<u>7 923 973</u>	<u>8 414 882</u>
	<u>12 220 016</u>	<u>10 843 301</u>

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Notes to the Annual Financial Statements

	2016 R	2015 R
<b>13. Operating surplus</b>		
Operating surplus for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
◦ Contractual amounts	428 457	443 291
Profit on sale of property, plant and equipment	65 529	1 220
Profit on sale of other financial assets	140 703	189 865
Depreciation on property, plant and equipment	436 395	427 648
Employee costs	12 264 280	11 578 789
<b>14. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	144 436	18 837
<b>15. Fair value adjustments</b>		
Investment property (Fair value model)	625 243	1 083 821
Other financial assets	(11 666)	48 848
	<b>613 577</b>	<b>1 132 669</b>
<b>16. Auditors' remuneration</b>		
Fees	335 000	399 843
<b>17. Cash generated from operations</b>		
Surplus for the year	9 824 300	4 764 372
<b>Adjustments for:</b>		
Depreciation and amortisation	436 395	427 648
Profit on sale of assets	(206 232)	(191 085)
Interest received	(144 436)	(18 837)
Fair value adjustments	(613 577)	(1 132 669)
Other non-cash items	-	(3 901)
<b>Changes in working capital:</b>		
Inventories	101 953	(792 430)
Trade and other receivables	(768 900)	(186 210)
Trade and other payables	863 652	(1 818 766)
Deferred income	2 114 301	1 918 209
	<b>11 607 456</b>	<b>2 966 331</b>

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Notes to the Annual Financial Statements

	2016 R	2015 R
<b>18. Related parties</b>		
<b>Relationships</b>		
Sharing common key management personnel		The SANCB Trust The SANCB Optima College
<b>Related party balances</b>		
<b>Loan accounts - Owing (to) by related parties</b>		
The SANCB Optima College	(1 884 894)	(1 401 048)
The SANCB Trust	553 463	-
<b>Related party transactions</b>		
<b>Distributions received from (paid to) related parties</b>		
The SANCB Trust	(513 563)	900 000
The SANCB Optima College	(1 495 182)	-
<b>Rent paid to (received from) related parties</b>		
The SANCB Optima College	(240 000)	(240 000)
<b>Compensation to directors and other key management</b>		
Short-term employee benefits	-	3 241

### 19. Comparative figures

Certain comparative figures have been reclassified.

There were no material effects of the reclassification that require disclosure.

# The South African National Council for the Blind

(Registration number NPO 001-422)

Annual Financial Statements for the year ended 31/03/2016

## Detailed Income Statement

	Note(s)	2016 R	2015 R
<b>Revenue</b>			
Sale - Resource Centre Sales		5 537 809	5 580 760
Sales Other Activities		4 260 638	4 180 885
Donations and Fundraising		28 500 082	19 159 682
Distributions from the Trust			900 000
Government grants		3 542 508	3 350 851
	11	<b>41 841 037</b>	<b>33 172 178</b>
<b>Cost of sales</b>			
Opening stock		2 264 729	1 472 299
Purchases		4 194 090	3 220 849
Project costs		5 858 663	5 940 003
Direct Mail Appeals		2 065 310	2 474 879
Closing stock		(2 162 776)	(2 264 729)
	12	<b>12 220 016</b>	<b>10 843 301</b>
<b>Gross surplus</b>		<b>29 621 021</b>	<b>22 328 877</b>
<b>Other income</b>			
Rental income		861 316	492 183
Recoveries		560 709	1 849 069
Interest received	14	144 436	18 837
Gains on disposal of assets		206 232	191 085
Fair value adjustments	15	625 243	1 132 669
		<b>2 397 936</b>	<b>3 683 843</b>
<b>Operating expenses</b>		<b>(22 182 991)</b>	<b>(21 248 348)</b>
<b>Operating surplus</b>	13	<b>9 835 966</b>	<b>4 764 372</b>
Fair value adjustments	15	(11 666)	-
<b>Surplus for the year</b>		<b>9 824 300</b>	<b>4 764 372</b>
Other comprehensive income			
<b>Total comprehensive income for the year</b>		<b>9 824 300</b>	<b>4 764 372</b>